ASHE Reader Series

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Public Policy and Higher Education

Edited by
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Cheryl D. Lovell
Edward R. Hines
Judith I. Gill

Public Policy and Higher Education

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ASHE Reader Series
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SIMON & SCHUSTER
CUSTOM PUBLISHING

Front cover photo: Bascom Hall, University of Wisconsin, Madison,
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Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

ISBN 0-536-00292-4
BA 97179

SIMON & SCHUSTER CUSTOM PUBLISHING
160 Gould Street/Needham Heights, MA 02194
Simon & Schuster Education Group

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A Note to the Reader

Public Policy and Higher Education is the first volume in the Association for the Study of Higher Education (ASHE) Reader Series to provide readings explicitly focused on the relationship between the federal and state governments and the colleges and universities in the United States. This edited work assists faculty and graduate learners with an in-depth overview of this crucial topic for the 130 higher education programs specifically and other graduate degree programs particularly in political science and public administration. Our approach in this volume embraces a multidisciplinary perspective including such disciplines and fields of study as higher education, public policy, political science, public administration, and policy analysis. In so doing, the *Reader* offers not only classic works on these issues, but also contemporary reviews of topics related to these two important interrelated arenas of public policy and higher education.

Postsecondary education and federal and state governments provide one of the most important services to the nation: contributing to the welfare of its people through the opportunity to advance themselves through higher learning. To future leaders and participants in this challenging process, this volume provides a useful record of thought, research, and policy to guide further decisions affecting some of our most important national institutions, namely 3,700 American colleges and universities.

Given the past pattern of the ASHE Reader Series, volumes are periodically updated with new publications. We anticipate a revised edition of this *Reader*. Therefore, we would welcome suggestions from our readers about articles, chapters, public policy documents, or books which may be appropriate for the next edition.

Please send your comments and suggestions to any of the four editors of this volume regarding this ASHE *Reader*:

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Suggestions regarding other topics and the ASHE Reader Series should be addressed to:

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The ASHE Reader Series

The ASHE Reader Series is a collection of readers on topics of current interest in higher education. Each reader represents a compendium of exemplary published works chosen by scholars who each and conduct research in these areas. The books are designed to be used as supplementary text material in courses of higher education or as reference works.

RACIAL AND ETHNIC DIVERSITY IN HIGHER EDUCATION

Edited by Caroline Sotello Viernes Turner, Mildred Garcia, Amaury Nora, and Laura I. Rendón

This reader focuses on racial/ethnic diversity in America's higher education institutions. Diversity is discussed from a historical perspective, providing a context for the many contemporary experiences described in these writings by and about students, staff, and faculty. The selections represent the research perspectives and theoretical models of many scholars, providing viewpoints of African Americans, Asian Americans, Native Americans, and Latinos in higher education. The selections cover six areas: History; Curriculum, Teaching, and Learning; Students; Faculty; Administration, Leadership, and Governance; and Research.

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Acknowledgements

Currently, public higher education educates approximately eighty percent of the postsecondary students in the United States. This condition represents a dramatic increase in the shift of students from private higher education to the public colleges and universities since the Second World War. Although a number of comprehensive publications assessed this development during the 1970s, relatively few volumes have occurred since then. Editors of this book have brought together many disparate publications to provide a new comprehensive look at how public policy and higher education interrelate. This has been possible in great measure because of many faculty, administrators, state officials, and policymaking colleagues who offered their insights and publications for this *Reader*. They have constituted our *Public Policy and Higher Education* Advisory Board and evaluated several lists of appropriate readings for this volume. Thus, they deserve our warm thanks and appropriate acknowledgement:

Robert O. Berdahl	University of Maryland
Ellen E. Chaffee	Mayville State and Valley City Universities
Shirley M. Clark	Oregon System of Higher Education
Jonathan D. Fife	George Washington University
Joni E. Finney	California Higher Education Policy Center
Carol E. Floyd	University of Illinois—Springfield
Walter C. Hobbs	State University of New York—Buffalo
Patricia H. Hyer	Virginia Technological University
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J. Fredericks Volkwein	State University of New York—Albany
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Two colleagues on the Board made particular efforts to assist us in this endeavor. We would like to note the great value that Ami Zusman and Aims McGuinness contributed to this project.

Many other colleagues also sent their syllabi, articles, and books for our consideration. We appreciated their efforts to make this *Reader* useful for students and faculty in our higher education programs as well as for administrators, state officials, and policy analysts who assist in policymaking for our colleges and universities.

The editors would also like to express their thanks to the Carnegie Foundation for the Advancement of Teaching for allowing us to use two chapters from their newly published work by Paul Boyer, *Native American Colleges: Progress and Prospects* (1997), in this publication.

The staff and doctoral students at the University of Denver handled many of the practical details associated with creating this *Reader*. Susan Dunlap, our Higher Education and Adult Studies Program assistant, coordinated our work with the Advisory Board. Toni E. Larson, Executive Director of Colorado Independent Higher Education and a doctoral student in our program, also contributed extensively to this volume through bibliographic searches, coordinating meetings, and other activities. Many thanks also to Les Goodchild's colleagues at the University of Denver, particularly Dean Ellie Katz and Provost Bill Zaranka, who provided a sabbatical leave which enabled him to complete this book and others. He particularly appreciates the assistance of the three other editors in a making this project come to completion in a way that allowed all sides of these very complex and heavily-debated issues to be included in this volume.

Finally, the editors would like to thank Barbara Townsend, past ASHE Reader Series editor, and Bruce Anthony Jones, current ASHE Reader Series editor, who endorsed this concept and encouraged its completion. Particular thanks also need to be extended to the editors, Kathy Kourian and Lori Bittker, at Simon & Schuster Custom Publishing, who offered their support and counsel in creating this edition.

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"The Higher Education Acts Contrasted, 1965-1986: Has Federal Policy Come of Age?" by Francis Keppel, reprinted from *Harvard Educational Review*, Vol. 57, No. 1, Febraury 1987.

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"Conducting Policy Analysis in Higher Education," by Judith I. Gill and Laura Saunders, reprinted from *Developing Effective Policy Analysis in Higher Education*, 1992, Jossey-Bass, Inc., Publishers.

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"The Effect of State Policy on Undergraduate Education: State Policy and College Learning," by Dennis P. Jones and Peter Ewell, March 1993, Education Commission of the States (ECS).

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Introduction

Public Policy and Higher Education

How should the campus and the capital work together to provide higher education to this country's citizens? This straightforward question has provided many federal and state officials, policy analysts, and other public constituencies, on the one hand, as well as presidents, administrators, faculty, and students, on the other, with great difficulties. Similar to many political issues, there are many options and many groups seeking to clarify, define, determine, and ultimately resolve policy issues that affect college and university life. Reviewing the history of this country offers an opportunity to select one particular instance when the leadership of both the campus and the capital expressed very well what they should be about. Perhaps, the best expression of this relationship came from the state of Wisconsin at the turn of the twentieth century.

The front and back covers of this *Reader* picture, what has become known, as the "Wisconsin Idea." On the front cover, Bascom Hall at the University of Wisconsin—Madison represents a land-grant university where university administrators and faculty have attempted to serve the scholarly, professional, and practical needs of the state through education, training, and consulting. This occurred in classrooms, in the farms of the state, and just as often this occurred as faculty experts served on committees at the state capital.

The roots of this relationship can be traced back to the last century. In 1849, the university regents determined that: "there is no public interest of greater magnitude than that of education" (Curti and Carstensen, 1949, p. 1:5—see the bibliography at the end of this volume for these references). Three major figures in the history of Wisconsin brought the regents' desire to fruition. John Bascom (1827–1911), the third president of the university and a moral philosopher, sought to articulate a political philosophy which captured the arrangement on how government and society should cooperate to provide education. Conditioned by the Social Gospel Protestantism of his day, Bascom sought to create a Christian state in which all parties worked for the common good. At his last baccalaureate address, "The Christian State," he proclaimed:

> . . . the University of Wisconsin will be permanently great in the degree in which it understands the conditions of the prosperity and peace of the people, and helps to provide them; in the degree in which it enters into the revelation of truth, the law of righteousness, and the love of man, all gathered up and held firm in the constitution of the human soul and the counsel of God concerning it. (Curti and Carstensen, 1949, p. 1:287)

Bascom's statements and designs to create a state community were heralded by many during his day. President Theodore Roosevelt could rightly claim that "in no other state in the union has any university done the same work for the community that has been done in Wisconsin by the University of Wisconsin" (Curti and Carstensen, 1949, p. 2:111). Two students in Bascom's classes would take their professor and president's ideal to extensive execution. Both Robert M. La Follette and, his good friend, Charles R. Van Hise succeeded into assuming the capital and campus leadership as governor of the state in 1901 and president of the university in 1904, respectively. Bringing their mentor's dream to reality, their relationship enabled the one mile of

State Street between the rotundas of the campus and the capitol to became an avenue for Progressivism, a model to the nation. "A veritable 'interlocking directorate' arose" between the state and university offices "as La Follette's legislative program was furthered by the continuous research and counsel of university economists, agricultural experts, political scientists, and sociologists" (Brubacher and Rudy, 1968, p. 168). Both worked to overcome the problems of city and state, including women's rights, poverty, civil service, workers' rights, and prohibition. This moral cause sought as its resolve the harmony of all public agencies for the betterment of the state and its citizenry. Taking Bascom's spiritual ideal and transforming it into material prosperity, President Van Hise's Wisconsin Idea took "the service ideal" and applied it to extension education "so that virtually every home or business in the state, from machine shops to model dairy farms, would feel the long outreach of the state university" (Hoeveler, 1976, p. 45).

Appropriately, this campus and capital relationship is captured also by the back cover of this volume which pictures the Wisconsin capitol building. It represents not only the state, but also the federal perspective, in higher education. For this structure was patterned after the capitol in Washington, D.C., only being somewhat smaller in its dimensions. Both figuratively and literally, this state capitol thus embodies a federal perspective. States were provided with federal land-grants through the Morrill Land-Grant Act of 1862 which founded institutions of higher learning, like the University of Wisconsin. Moreover, the 1887 Hatch Act and 1890 Second Morrill Land-Grant Act provided some federal monies for the operation of these state universities (Williams, 1991). Thus, the campus and capital relationship developed not only in the state but also with the federal government in Washington, D.C. American higher education has greatly benefited from these "capital relationships" as it has risen to become one of the most successful systems of higher learning in the world.

Yet this campus and capital relationship is an ongoing partnership. Its vitality is dependent upon various national and international pressures in American life. Public policy has affected college and university campuses in ways both advantageous and sometimes detrimental to the mission of higher education. This *Reader* offers many points of view from various constituencies through these publications as a means of better understanding the factors which must be considered in developing appropriate responses to the complex question of the campus and capital relationship.

The Organization of the Reader

As part of the Association for the Study of Higher Education Reader Series, *Public Policy and Higher Education* provides the student of higher education with: (1) two introductory essays on the themes and readings of this volume, (2) a foundation section of readings on public policy and higher education, (3) a section on the contemporary public policy issues facing postsecondary education, and (4) a bibliography, in part annotated, on other appropriate readings in this area.

This *Reader* provides one of the first comprehensive works on public policy and higher education in the past decade. While many public policy publications appear each year, they tend to focus on specific issues. Nevertheless, there have been several broader books, which are important to mention, namely: Frank Newman, *Higher Education and the American Resurgence* (1985); Samuel K. Gove and Thomas M. Stauffer, *Policy Controversies in Higher Education* (1986); Edward R. Hines, *Higher Education and State Governments: Renewed Partnership, Cooperation, or Competition?* (1988); Judith I. Gill and Laura Saunders, *Developing Effective Policy Analysis in Higher Education* (1992); Arthur Levine, *Higher Learning in America, 1980–2000* (1993); and Terrence J. MacTaggart and Associates, *Restructuring Higher Education: What Works and What Doesn't in Reorganizing Governing Systems* (1996). These works complement, in certain respects, many of this volume's readings.

Public Policy and Higher Education began as course packets for four quarter courses in public policy and higher education in the Higher Education and Adult Studies Program at the University of Denver. Begun in 1992, it became clear to the faculty that one text might be used in part for all of these courses. Yet greater advice was needed for such a text to be helpful in other higher education programs across the country.

Understanding the complex world of public policy and higher education requires persons who see issues both from the campus side and the state and federal sides. In large part, the selection of editors was based on having persons who have taught about public policy in higher education programs as well as policy analysts who have practiced in various national policy agencies. Each perspective was well represented by Ed Hines and Les Goodchild on the faculty side and Cheryl Lovell—who is also now a faculty member—and Judy Gill on the policy analyst side. Moreover, Hines has provided various constituencies over the years with current data on the state-campus relationship through his research report, *Grapevine*, in part sponsored by the State Higher Education Executive Officers, and other publications. This enabled the editors to make good choices regarding the final selection of the readings. To bring the editors' particular expertise to bear on these readings, we also decided to divide "An Overview of the *Reader*'s Selections," accordingly.

Four principles of selection thus guided our editorial choices among the hundreds of possible readings, based on advice from our advisory board and comments from higher education faculty, higher education policy analysts, and others. Since many programs of higher education have only one or, at most, two policy courses, we wanted (1) to create a text which would be used to provide foundational readings so as to better understand the meaning of public policy, (2) to clarify how public policy research and analysis in higher education comes about, (3) to differentiate how they are different, and (4) to explore what might be some of the most current contemporary public policy issues facing higher education. Each of these ideas became themes which we used to select readings. Unfortunately, many excellent readings could not be included because of space limitations so we created an annotated bibliography, in part, to provide readers with an opportunity to choose other related readings from an informed point of view.

An Overview of the *Reader's* Selections

The Foundations of Public Policy and Higher Education

by Edward R. Hines and Lester F. Goodchild

Politics, policy, and higher education are topics which have their own histories in human civilizations at least as far back as ancient Greek society. This section of the *Reader* contains classic or historic works that review political theory, the nature of policy, and general higher education works, all of which are necessary precursors to understanding the dynamics of higher education within a democratic society. This section of the *Reader* is divided into three major parts: (a) what is policy? (b) elements of making policy, and (c) the processes or methods of policy inquiry.

What is Policy?

The selections in this ASHE *Reader* begin with definitions, concepts, and foundational readings which provide an overview of public policymaking. This section offers some insight into the larger context for the study of policymaking, of which higher education is only one part. It is noteworthy that the three initial readings are from a period in the study of political science and public administration that was replete with articles and books dealing with public policymaking. These three readings have particular significance for higher education students and scholars. Randall Ripley in *Policy Analysis in Political Science* (1985) gives us a model of the policy process at the national level in "The Nature of the Policy Process." It includes the environment and its many facets outside and inside government as well as the environment specific to particular policies and programs; policy statements and actions; societal policy activities including program results; and relationships between major actors and elements. Of considerable interest is Ripley's explication of the functional stages of the policy process, including their limitations. These stages include agenda setting, goal formulation and legitimation, program implementation, evaluation, and decisions about the future. The next reading helps us understand how various types of policy relate to the different roles which government plays in society. Robert Spitzer's 1987 article on "Promoting Policy Theory: Revising the Arenas of Power" for the *Policy Studies Journal* revisited the classic conceptualization by Theodore Lowi, who examined four types of policy, namely, distributive, constituent, regulative, and redistributive, according to the applicability and the likelihood of coercion involving groups and elites. Many of the public policies which affect higher education fall into the distributive and regulative groups. Spitzer's revision added the dimension of whether or not each type of policy is "pure" or "mixed" with mixed policy involving multiple agencies, areas, or actors from different arenas. While Spitzer's focus of application relates more to the national government, students of higher education can further envision areas of application such as state higher education agencies, governing boards, and academic senates. The Wildavsky chapter, "Between Planning and Politics," from his book, *Speaking Truth to Power: The Art and Craft of Policy Analysis* (1973), shows how policy analysis can be thought of as a hybrid or amalgam which "uses intellect to help guide rather than replace social interaction" (p. 124). Aaron Wildavsky contrasted policy analysis with politics, which is about preferences and social interaction, but also with planning which is a kind of intellectual design. The reading concludes with a stimulating discussion of the rationality of politics, planning, and policy analysis with an explanation of the key concepts such as system, efficiency, coordination, and consistency. These readings thus provide an exploration of the context in which policymaking occurs. The next section addresses government and higher education more directly.

Elements of Policymaking

In working with students over the years, it is clear that many have never had the opportunity to study—or have long forgotten—the basic structures of government which enable public policy to be enacted. Graduate students in higher education may not have studied political science for their baccalaureate or graduate degrees. This section of the volume thus provides a basic review of these governmental structures. It includes: (1) basic structures of government (including the federal and state governments, the judiciary, and local government) and (2) how higher education has responded to those basic structures through policies and laws.

Basic Structures of Government

The United States federal system of government involves a clear demarcation of powers as stipulated by the Constitution. Yet academic tradition, political history, and Supreme Court decision making have altered its explicit mandates to become working realities of politics and higher education life. Thus, while education is constitutionally a sector relegated to the states—at least in the public sector, the federal government creates national policy for certain areas within higher education, such as research, student aid, state coordination, and so forth, through its executive, legislative, and judicial branches. The concept of American federalism has been used to characterize how federal and state governments function in our society. Since the Second World War, this relationship has played an ever increasing role in shaping college and university life. On the other hand, the states themselves have established structures for the operation and regulation of public higher education and, to some extent, private/independent higher education. Finally, the courts adjudicate cases brought by various parties to their purview for resolution of disputes. This workable system of government has resulted in various bureaucratic structures to administer our public and private/independent systems of higher education. This division of the *Reader* describes these essential mechanisms for making this complex system work.

These readings thus provide a structural background for the study of public policymaking in higher education. In "American Federalism," from their 1993 book, *State and Local Politics: Government by the People*, James MacGregor Burns, Jack Peltason, Thomas Cronin, and David Magleby define and discuss federalism as that form of government where the Constitution distributes powers between the national and state governments, showing how higher education's daily life is affected by government. While local government is not specified in the constitutional separation of powers, we would add that local government is important to higher education. For example, local governments fund community colleges in approximately half the states. Such support encourages local governments and civic leaders to take great interest in higher education. This "town and gown" relationship thus has become more formalized as custom has given way to law and funding. These authors give some historical background of federalism, highlighting one of its advantages as keeping government "closer to the people," a viewpoint not lost on higher education constituencies because of the plenary function of the states in a federalist system. States' powers are briefly explored. The chapter concludes with an extended discussion of the politics of federalism including the growth of big government, the debate between centralist and decentralists, and the role of the courts. Even a cursory examination of the higher education literature reveals the expansive nature of the law of higher education and the dynamics of the arguments in support of or in opposition to centralizing the structure of higher education, especially at the state level.

In *Reviving the American Dream* (1992), Alice Rivlin argues that the division of labor between federal and state governments needs reexamination. Three scenarios are presented: one "continues the eighties," positing that the huge federal debt will continue principally because of escalating costs for medical care and Medicaid. The second scenario, termed "back to the sixties," features federal activism and initiatives, requiring larger federal taxes and a diminished role for state and localities. "Dividing the job" is a more realistic third scenario which she offers that is characterized by a partnership between the federal government and states. In this scenario, states would assume leadership in establishing a "productivity agenda." States already have moved in this direction since Rivlin's publication. While Rivlin favors the third partnership approach, she reviewed the limitations of Nixon's "New Federalism" and Reagan's "Swap" Proposals concluding that a "dividing the job" approach is more workable and necessary in the 1990s as a way to revitalize the economy and reduce the federal deficit. Shifting the fiscal "burden" of higher education from the federal government to the state capitals may be a crucial element in the developing new era of campus and capital relationships.

Although it is still too soon to know how dramatically this relationship may be changing, Congress provides one periodic opportunity to gauge the nature of this relationship. During the next year, senators and representatives will be reauthorizing the Higher Education Act. Since 1965, this omnibus bill has stipulated the federal government's funding of American higher education. In response, states and public institutions of higher learning have a better picture of how they must respond to maintain and advance postsecondary education. Our next reading reviews the structures and policies which engender this capital and campus relationship.

Higher Education from Federal and State Perspectives

Using Lowi's and Spitzer's arenas of power concept, one can perceive how constituent policies have created the structures by which both the federal and state governments govern, regulate, or support higher education. These readings thus describe the broader enactments which determine how the campus-capital relationship operates. In the *Reader* there are several case illustrations of both past federal and state higher education policymaking which have created the norms guiding the relationship to higher education. One such case example of policy research is Susan Hannah's 1996 article, "The Higher Education Act of 1992," for *The Journal of Higher Education*. She describes the reauthorization of this act that included 74 percent of all financial aid available to students and shows "the consequences of an incremental and fragmented federal policymaking process" (p. 498). The pressure to maintain the status quo and the absence of coalitions that might have pressed for creating need-based federal grants for the disadvantaged resulted in a greatly expanded loan program for students and a widening gap between grants and loans. Such a process jeopardized students' ability to avail themselves of higher education. Key elements in the federal policy process are examined, including structure, participants, the environment, and policy issues along with the history of the Higher Education Act. Constraints included the reauthorization agenda, the burgeoning federal deficit, the presidential election year, public attitudes, and the skills of the major actors. The higher education community, led by national associations at One DuPont Circle, "the Brethren," and also including higher education organizations and groups of significant size outside One DuPont Circle, was shown to have had a significant role in the failure to create a consensus within higher education that likely would have produced an outcome different from what occurred. As a result, student loans increasingly burden those using postsecondary education to improve their standing and future contributions to society.

Placing this enactment within its larger federal context is the next reading, "The Federal Government and Higher Education," from *Higher Education in American Society* (1994), edited by Altbach, Berdahl, and Gumport. This chapter by three experienced "watchers" of federal policymaking, Lawrence Gladieux, Arthur Hauptman, and Laura Knapp, provides an informative and balanced overview of the federal role in higher education policymaking. The reader perceives the reality of the fact that despite education and higher education being essential functions of state governments, the federal government continues to play a major role in American higher education, especially in the areas of providing financial aid for students and funds for research and development. While the Constitution includes no mention of education as a responsibility of the national government, various past judicial decisions have allowed this to occur. The dimensions of federal support to higher education are outlined, including the legislative history of student aid and the current predominance of loan financing for students. Brief sections are included on nontraditional and graduate student aid, as are discussions of access and affordability. The reading concludes with a more detailed discussion of federal research support, tax policies including exclusions and exemptions, and federal regulation. This last aspect of the federal and campus relationship is a particular burden on universities and colleges as much regulation tends toward unfunded mandates. Such policy research provides an accurate picture of how federal law has affected higher education. One of the best book length works to describe this relationship may be seen in Frank Newman's *Higher Education and American Resurgence* (1985) which was a Carnegie Foundation special report.

Shifting attention to the states, the *Reader* offers an in-depth overview of how state coordinating and governing boards work with public colleges and universities to provide higher education. Aims McGuinness authored the introductory chapter, "The Changing Structure of State Higher Education Leadership," in his edited book with Rhonda Martin Epper and Shelia Arredondo, *State Postsecondary Education Structures Handbook* (1994), which defines and describes the current coordination and governance classifications used to characterize the 50 states' relationship to their public campuses. Moreover, he explores the history of these changes over the past twenty-five years in a policy research section of the chapter as a fitting prelude to the current issues facing various state system reorganizations. A more narrative discussion of the current strains in state-campus relationships can be found either in McGuinness's chapter, "The States and Higher Education," in *Higher Education in American Society* (1994), edited by Altbach, Berdahl, and Gumport, or Patrick M. Callan's "Government and Higher Education" in *Higher Learning in America, 1980–2000* (1993), edited by Levine.

Continuing with this state focus, the next reading by Wade Gilley on "Governors Versus College Presidents: Who Leads?" in *Thinking about American Higher Education: The 1990s and Beyond* (1991) points to the difficulty of state or campus leadership of higher education. Noting that the 1980s was a period of activism that shifted policy initiation to states from the federal government (Clark Kerr perhaps was the first commentator making that point in the late 1970s), Gilley in describing a group of "progressive governors" asked "who are the governors listening to" in higher education? The results of a 1986 national survey to answer this question noted the following: governors did not rely on higher education leaders for ideas and information; governors relied rather on their own aides for information and advice; and governors got ideas from each other, essentially comprising a "closed circle" (p. 103). Thus, part of the difficulty when the state offers to lead higher education is its lack of grounded information. Faced with term limits, governors are further frustrated by higher education's lack of responsiveness yet continued requests for full funding to their campuses. A broader discussion of such problems in state government can be found in Alan Rosenthal's valuable, *Governors and Legislatures: Contending Powers* (1990).

Such contentions are superbly described in our concluding reading for this section: Stephen Bailey's chapter, "The Peculiar Mixture: Public Norms and Private Space," in *Government Regulation of Higher Education* (Hobbs, 1978). Generalizable beyond the volume on government regulation in which it appeared, Bailey crafts an artful essay dealing with the "eternal Yin and Yang of democratic politics: the need to promote equity without destroying individuality, the need to satisfy claims of fairness without stultifying essential life forces" (p. 103). Three themes are developed here: the first is to become more aware of the competing and conflicting array of issues out of which comes government regulation and academic responses of varying kinds. The second theme is that the essence of decision making in a democracy, including higher education, is in making compromises in the settlement of disagreements and disputes. Third, Bailey cautioned that higher education largely is in control of its own destiny. He stated that "higher education will by and large get the kind of government regulation it deserves" (p. 103). One wonders if this insightful statement perhaps is equally applicable to higher education's current plight with state government intrusion and initiatives for reorganization?

Each of these readings explores the evolving relationships between higher education and the federal and state governments by examining the formal structures under which they operate. These incremental relationships change through policy. Understanding what past policies created these relationships and how to formulate new policies to further these relationships requires an understanding of different types of policy processes or methods.

Processes or Methods of Policy Inquiry

Within the policy literature, there is great discussion on the various approaches to policy inquiry. Often the terms *policy research* and *policy analysis* are used interchangeably. Yet a comprehensive review of the study of public policy in higher education shows two distinct types of policy inquiry. Policy research is the study of policy formation, while policy analysis is the formulation of policy. There are two parts to this section of the *Reader* which explore these two dimensions: (a) policy research and (b) policy analysis, implementation, and process.

Policy Research

Studies related to clarifying how policy developed and its meaning for current practice may be considered policy research. Hannah's article has already provided an excellent example of this type of policy research at the federal level. Other examples of similar federal and state policy research may be seen in Janet C. Kerr's "From Truman to Johnson: *Ad Hoc* Policy Formulation in Higher Education" and Michael A. Olivas's "State Law and Postsecondary Coordination: The Birth of the Ohio Board of Regents," both published in *The Review of Higher Education* (1984).

In relation to this last work and that of McGuinness's earlier, Hugh Davis Graham offers a historical overview of the development of state governance in his article, "Structure and Governance in American Higher Education: Historical and Comparative Analysis in State Policy," done for the *Journal of Policy History* (1989). After reviewing such works, one is struck with the efforts of these authors to analyze the past to understand how the campus-capital relationship has developed through these enactments and why it currently operates the way it does.

In this volume, we have chosen two other works to illumine this method of policy inquiry. One offers a method of doing policy research, while the other demonstrates how they might be done by examining a federal perspective on the history of the 1965 Higher Education Act. These two works epitomize a tradition of scholarship which has both humanistic roots in philosophy and history and a social science orientation through political science. Various methodological articles in disparate disciplines and fields thus contribute some discussion about the nature of policymaking and a policy research approach. One of the earliest efforts came from James F. Anderson whose introductory chapter, "The Study of Public Policy," to his book, *Public Policymaking* (1975), provides working definitions and approaches to policy research. Published following Vietnam and the Nixon years, Anderson provides a broad overview of public policy. He explains why policy needs to be studied for scientific, professional, and political reasons. Anderson defined policy decisions as those "made by public officials that authorize or give direction and content to public policy actions." Included were decisions to enact statutes, issue executive orders or edicts, promulgate administrative rules, or make important judicial interpretations of laws" (p. 5). Public policies are official enactments by the various branches of government. Yet how have these enactments come into being? Briefly describing what have become classic theories of decision making, he then explored how rational, incremental, and mixed-scanning perspectives aid in explaining the creation of policy. Decisions occurred in the context of underlying political, organizational, personal, policy, and ideological values. Anderson then points to the utility of political systems theory, group theory, elite theory, functional process theory, and institutionalism as different lenses in locating the power behind policy enactment. Most importantly, he provided a conceptual framework for understanding the development of policy through the stages of problem formation, formulation, adoption, implementation, and evaluation (p. 26). These stages offer the policy researcher a framework for describing the evolution of public policy, which essentially is a study of policy formation.

In reading Francis Keppel's "The Higher Education Acts Contrasted, 1965–1986: Has Federal Policy Come of Age?" which was published in the *Harvard Educational Review* (1987), a clearer understanding of the forces that created the original act may be perceived and most importantly how it has changed through various reauthorizations up to 1986. As United States Commissioner of Education from 1962 to 1965, Keppel knew firsthand why the Higher Education Act came into being and how it had changed. He offers a longitudinal perspective on the Higher Education Act of 1965 and its reauthorization in 1986 by asking "Has Federal Policy Come of Age?" Keppel begins by explaining the difference in focus, tone, and context between these two major pieces of federal legislation with the expansiveness of the Johnson years seen against the caution and conservative language utilized by then-President Reagan. His analysis of its various titles is important for understanding the basic contemporary federal framework for American higher education. In 1965, the watchword was providing access for both the poor and the talented, and the 1986 reauthorization reflected the involvement of the middle class in sending sons and daughters on to college. In 1965, 68 percent of the authorization went for student financial aid, expanding to 90 percent in 1986. Keppel discussed the time-honored "three pillars" of our student aid policy: parental contribution, need-based, and student earnings. By 1986, three new concerns permeated the federal policymaking environment: quality, talent, and conflicts of interest. Keppel showed how the 1986 reauthorization was the result of congressional, not executive, policy. In answer to the question raised about federal policy coming of age, he offered that we would have to wait for the early 1990s for the answer, because of growing budgetary needs and crises. Interestingly, the Hannah article in this volume may provide part of the answer to the question raised by Keppel: namely, a dramatic shift from student grants to student loans as a way of funding higher education. These articles together provide a broad policy assessment of federal policy formation, specifically how the Higher Education Act has changed incrementally through these various reauthorizations. Such policy research is extremely helpful in providing background assessments for campus and capital constituencies—as well as graduate learners—as they ascertain what steps might or should be taken as they face this omnibus bill's next reauthorization.

Policy Analysis, Incrementalism, and Process

On the other hand, most policy analysts follow a different tradition, derived primarily from social science and economics. They attempt to assess the environment through various types of forecasting to provide recommendations for policy formulation. What we call policy analysis is thus concerned more with the "what is" of policy and how to make policy, rather than how policy came into being. This type of inquiry "deals with choosing among alternative public policies those that will maximize or achieve a given set of goals under various constraints and conditions" (Nagel, 1984, p. 87). In policy analysis, a range of conceptual and methodological approaches may be used to determine these goals encompassing econometric and fiscal methodologies as well as broad-based anthropological, organizational, and sociological approaches including field research techniques and computer-based qualitative methodologies. Working within the American system of higher education often requires greater understanding of how policy may affect systemic change. William Cooley and William Bickel provide such an orientation to policy analysis in their book, *Decision-Oriented Educational Research* (1986), which emphasizes a practitioner-oriented approach in attempting to solve system or administrative problems. Turning to higher education, Frans van Vught in his essay, "Using Policy Analysis for Strategic Choices" in *Planning and Management for a Changing Environment* (1997), links this type of policy inquiry to higher education by noting how analysts must explore existing policy networks, diagnose problems from the clients perspective, offer real solutions, and facilitate implementation. Such policy analysis for higher education and the states may be seen in much of the work of the National Center for Higher Education Management Systems, the Western Interstate Commission for Higher Education, the Southern Region Education Board, or the Education Commission of the States. For example, Peter T. Ewell's "Assessment and the 'New Accountability': A Challenge for Higher Education's Leadership" (1990) or in Western Interstate Commission for Higher Education's "Meeting Economic and Social Challenges: A Strategic Agenda for Higher Education, Policy Recommendations (1992).

We have included three articles in this section of the *Reader* to describe this policy analysis approach. There are few articles in the literature of public administration, political science, and policymaking that have attained the visibility and utility of Charles Lindblom's "The Science of 'Muddling Through,'" published in the *Public Administration Review* (1957). This is because of its universality to "pundits" (academicians) and to "players" (policy practitioners and lawmakers). The article serves as a critique to the "rational-comprehensive" approach, as Lindblom terms it, to decision making, which at various times other authors have labeled "economic rationality," "structural," "scientific," or "optimal." Lindblom explained the "impossibility" of such an approach because of lack of "clarity of objective, explicitness of evaluation, a high degree of comprehensiveness of overview, and, wherever possible, quantification of values for mathematical analysis" (p. 80). Instead, Lindblom offered a "method of successive limited comparisons" by which public policy is made, using a series of incremental steps small in magnitude, comparing policy alternatives which are relatively similar as a way of reducing an otherwise huge field of possibilities, and incorporating the cognitive and human limitations of policymakers. Interestingly, the latter concept of "bounded-rationality" was developed in more detail by Herbert Simon in *Administrative Theory* (1957) which was published in the same year as the Lindblom article. Lindblom shows how this incremental approach proceeds chronologically because policy is formulated continuously by making adjustments to previous decisions. This process of successive approximation through comparisons among alternatives is, in fact, a system of decision making and not a failure of a more rational approach.

As a companion piece to "Muddling Through," Camille Cates, from a perspective of a practicing public administrator, wrote that "Lindblom is to incrementalism what Weber is to bureaucracy" (p. 527). In her article, "Beyond Muddling: Creativity," also published in *Public Administrative Review* (1979), she tells us that Lindblom placed the time-honored values of rationality, predictability, and stability "in a more realistic environment" (p. 527). However, Cates believed that Lindblom and others missed a way to solve problems which captured the intuitive, creative, and elusive. Furthermore, Cates wrote that incrementalism is an adversarial process because each party to decision making gives up something; for her, this is a lose-lose process. Additionally, Cates believed that in order to participate in decision making, one needs access to the process, and not everyone has access, thus incrementalism tends to reinforce the status quo and the elite who are in power. Instead, she advocated creativity as a way of moving significantly forward in a disciplined, open environment in order to see and solve problems differently by thinking about them in different ways, such as changing one's perspective and being receptive to random thoughts. Further, she suggested modeling creative behavior, increasing participation at meetings, rotating management, and valuing innovation.

Following in this tradition, the chapter by Judith Gill and Laura Saunders, "Conducting Policy Analysis in Higher Education," which appeared in their book, *Developing Effective Policy Analysis in Higher Education* (1992), suggests that policy analysis involves continuous review and evaluation of new information. The tools of policy analysis include use of an iterative process, intuition and judgment, and the advice of others. An iterative process requires constant examination and reexamination of alternatives. Intuition enters because of its value in assessing the political environment in which policymaking occurs. Because "the true test of policy analysis is in the real world" (p. 17), one needs the advice of those experienced in the policy process, such as putting together a panel of advisers. Suggestions on conducting policy analysis include the advice that policy analysis is nonlinear and identification of two major stages: diagnosing the problem, and "unraveling the policy analysis knot" by working through four components including the policy issue, the environment, implementation factors, and the proposed recommendations. In their book, Gill and Saunders further point to how policy analysis is different from institutional research and planning. Other authors in this work embrace their method and use it in three case studies on enrollment demands, sexual harassment, and faculty needs in the states of Arizona, Washington, and California, respectively. Gill and Saunders offer a method to improve the art of policy analysis for higher education. Their excellent contribution provides an approach to create systemic change which involves both campus and capital constituencies. Such a pragmatic effort offers an important key in unlocking system and institutional impasses as American higher education confronts changing societal demands and international realities.

The foundations of public policy and higher education section of this *Reader* provide the reader with a broad discussion of the definitions, structures, and approaches needed to understand the complex aspects of higher education policy research and analysis. Using this knowledge, the reader may more easily comprehend the contemporary policy issues facing American postsecondary education.

Contemporary Issues in Public Policy and Higher Education

by Cheryl D. Lovell and Judith I. Gill

A Framework for Developing an Understanding of Postsecondary Education Public Policy

What is higher education public policy? This is probably the most frequently asked question of newcomers to the policy field. Although it is a simple question, the answer involves an intricate set of responses.

Public policy is an interdisciplinary field of inquiry that draws upon research in the social sciences and is most often associated with the political science discipline and the study of public administration. Anderson, in *Public Policymaking* (1975), provides a useful definition in his suggestion that policy broadly defined can be thought of as the government relating to its constituents. We agree with this and with his further comment that this definition, however, is of limited value to those seeking clarity through policy analysis. Therefore, we would like to suggest that a definition of public policy is built on an understanding of the word "policy" and an understanding of the community that will be affected by the policy. *Webster's Second College Dictionary* defines policy as "a principle, plan or course of action, as pursued by a government, organization, or individual." Policy can also be defined as a projected program of desired objectives and the means to achieve it. Again, Anderson's writing increases our understanding of policy when he states that policy is a specific course of action that attempts to address an issue of concern (Anderson, 1975, p. 3). We believe that policy also provides a framework for decision making.

In an effort to enhance the reader's understanding of the use and meaning of public policy, we define *public policy to mean decision-making for the public good.* As an interdisciplinary field of study and as the modifier "public" implies, societal forces cause issues or problems to be discussed with an orientation towards solutions that benefit society. Societal expectations, demands, and constraints become buoys that anchor this discussion. The Higher Education Act of 1965 is an example of a solution to provide higher education access. In debates on the value of access, the constraints and realities of providing access were also weighed.

Postsecondary public policy issues are identified, debated, and ranked annually by several associations. Readers are encouraged to refer to the Association of Governing Boards' (AGB) Annual List of Top Ten Public Policy Issues as well as to the list developed by the State Higher Education Executive Officers (SHEEO). These lists identify the issues or problems that will receive attention from their members. The items change frequently from year to year. During periods of restrained economic conditions, for example, the cost of postsecondary education is frequently listed and the focus centers on reducing the price for those in need of postsecondary access or on finding ways to do more with less.

The task of developing a list of postsecondary public policy issues that can withstand short-term ebbs and flows of the economy, regionalism, and politics is a daunting task under any circumstances. It is especially difficult in today's fast-paced, information-driven, electronically delivered environment. The list needs to provide the reader with a context for understanding the past, present, and future postsecondary education community. It should include issues on which there is consensus as well as issues that highlight areas of disagreement.

An Elaboration on the Readings

It is in this spirit that we chose the following articles, chapters, and short policy monographs to be included in this volume. They provide the reader with a broad overview of the policy environment. A greater understanding can come from readings suggested in the annotated bibliography. Our decisions to include a particular reading came with great difficulty. We believe, however, that this section is representative and will be informative.

Postsecondary education access discussions most frequently focus on issues of admissions, continued-enrollment, and completion in an academic program offered by a college or university. Access issues also include geographic, remedial, and demographic concerns. Judith Eaton's chapter, "The Evolution of Access Policy: 1965–1990," in *American Higher Education: Purposes, Problems, and Public Perceptions* (1992) provides the reader with a chronology and description of how the definition of access as a policy issue has changed. She also emphasizes the importance of measuring the effectiveness of access policies and the need to include these results in future policy discussions. In her work, she used policy research on the topic as a foundation for offering policy options. As in many efforts, both research and analysis are employed. Significant policy attention has been focused on access opportunities for minorities. In a SHEEO report on minority achievement in higher education using a similar approach, Esther Rodriguez and Michael Nettles in their *Achieving the National Education Goals: The Status of Minorities in Today's Global Economy* (1993) identify the many topics highlighted in the policy debate on addressing minority access to higher education including population projections, skills and achievement levels, secondary school course-taking patterns, national assessments, retention and completion rates, and job placement.

Affordability is a public policy issue of universal interest. Affordability discussions focus on the following wide array of topics: financial aid, tuition discounting, competition for resources, public funding for independent colleges and universities, and new financing approaches. Arthur Hauptman and Jamie Merisotis in *The College Tuition Spiral: An Examination of Why Charges Are Increasing* (1994) for The College Board and the American Council on Education provide a thoughtful, comprehensive, and well-researched examination of political and financial factors influencing tuition charges. An excellent understanding of the external forces influencing the development of tuition policy is next provided by Carolyn Griswold and Ginger Minton Marine in their article, "Political Influences on State Policy: Higher-Tuition, Higher-Aid, and the Real World" for *The Review of Higher Education* (1996). The fundamental tenets of ability-to-pay and high tuition/high aid policies are examined as part of a review of tuition policies in five states. Combining research and policy analysis, they offer several implications for policymakers which focus on explicitly linking "aid and tuition levels" (p. 383).

In discussions of higher education's **performance**, attention is focused on the quality and quantity of services provided to higher education's clients, and to government's demands for accountability in the expenditure of public funds. Peter T. Ewell in "The Role of States and Accreditors in Shaping Assessment Practice," which appeared in *Making a Difference: Outcomes of a Decade of Assessment in Higher Education* (Banta and Associates, 1993), provides a thorough review of state mandated assessment policies in the 1980s and 1990s. His chapter concludes with a valuable listing of "lessons learned" from this policy research. Similarly using the results from 10 state studies, Sandra Ruppert in her chapter, "Roots and Realities of State-Level Performance Indicator Systems," in *Assessing Performance in an Age of Accountability* (Gaither, 1995) provides a comprehensive overview of the measures, issues, and questions that need to be addressed in developing a state-level performance measurement system. Next, Daniel Layzell, Cheryl Lovell, and Judith Gill in their 1996 conference report, "Developing and Viewing Faculty as an Asset for Institutions and States," in *Integrity Research on Faculty: Seeking New Ways to Communicate about the Academic Life of Faculty* for the National Center for Education Statistics focus on a performance issue frequently raised by state legislators and the public: the issue of faculty productivity. They argue that higher education's stakeholders must clearly identify their expectations for faculty within the framework of an institution's role and mission and that faculty must be held accountable. They suggest in this policy analysis, however, that institutions and states must begin to think about faculty as an asset and provide the needed resources to maintain this investment.

Reform and restructuring of postsecondary education focuses on ways state and federal government relationships can be enhanced. In a SHEEO report, *State Postsecondary Review*

Entities: One Step Forward and Two Steps Back in State-Federal Relationships? (1996), Cheryl Lovell reviews the brief history of the state postsecondary review entities (SPRE) and provides an important overview of a federal higher education policy action that was repealed because of opposition from states and institutions. She identifies a very useful set of principles to guide good practice in state-federal relationships. In Terrence MacTaggart's 1996 edited book, *Restructuring Higher Education: What Works and What Doesn't in Reorganizing Governing Systems*, Aims McGuinness in his chapter, "A Model for Successful Restructuring," next offers a thoughtful overview of the factors that will influence the discussion on the reorganization of systemwide higher education governance structures. Both publications build on research to offer guidelines for future policy development.

Collaboration among higher education institutions and stakeholders provide multiple opportunities for efficient use of limited resources. In a SHEEO report for the U.S. Department of Education's Office of Educational Research and Improvement, *Postsecondary Education and the New Workforce* (1996), Ester Rodriguez and Sandra Ruppert identify a set of principles and priorities for developing a state agenda that promotes a stronger relationship for higher education in workforce development.

Governance issues are always an important public policy topic. In *Higher Education and State Governments: Renewed Partnership, Cooperation, or Competition* (1988), Edward Hines provides an excellent overview of state higher education structures including approaches to decision making in his chapter, "State Leadership in Higher Education." He reviewed five topics, including state higher education agencies, governing boards and trustees, governors and higher education, lobbying, and the accountability-autonomy continuum. Recognizing the question of coordination or governance is worked out through state leaders, Hines noted the tendency among states to strengthen governance mechanisms which are closer to campus decision making but also improve coordination and its relationship with actors external to higher education. Hines concluded that there was no single best way to organize a state structure for higher education governance and that the key question in the accountability-autonomy continuum was where and how to draw the line between maintaining campus autonomy while ensuring accountability to public authority. Next, James Mingle offers us considerable insight into the complexity of this leadership struggle within the state over the direction of higher education. As executive director of the 50 SHEEOs comprising the association of the same name, he explores the topic, "Effective Coordination of Higher Education: What is It? Why is It so Difficult to Achieve?" in the 1988 *Issues in Higher Education* monograph for the Southern Regional Education Board. He explores the differences between coordinating and governing boards and their efforts to work with legislatures on the one hand and state colleges and universities on the other. James Hearn and Carolyn Griswold in our next reading, "State-Level Centralization and Policy Innovation in U.S. Postsecondary Education," for the journal *Educational Evaluation and Policy Analysis* (1994) discuss innovative policies relating teaching and assessment within centralized state governance systems. Through these research oriented readings, the questions of the appropriate relationship between the campus and the capital are often at the heart of the governance question.

Our next two readings explore the boundaries of this relationship, especially from the institutional perspective. Frank Newman's chapter, "Choosing Quality," from his book, *Choosing Quality: Reducing Conflict Between the State and the University* (1987) provides a provocative discussion of inappropriate state bureaucratic, political, and ideological intrusions in public higher education. Creating the appropriate working relationship between the state and its institutions of higher learning, he believed, will promote institutions of high quality. Attempting to offer an appropriate avenue for state interaction with campus life, Robert Berdahl in his article, "Public Universities and State Governments: Is the Tension Benign?" for the *Educational Record* (1990) deals with the differences between procedural and substantive autonomy, and hopes that the state will use appropriate coordination to balance autonomy and accountability concerns.

Finally, James Mingle and Rhonda Martin Epper in their recent chapter, "State Coordination and Planning in an Age of Entrepreneurship" for *Planning and Management for a Changing Environment* (Peterson, Dill, Mets, and Associates, 1997) provide an interesting framework for discussing governance in a technological society. They point to changing emphases among institutions: a focus on the student, not the institution; decline of the "role and mission" approach to planning; increased use of competition and incentive funding; decentralization, deregulation, and privatization; new forms of coordination; and others. Overall, they believe that higher education faces "significant change" through technology which will greatly influence its operation and governance (p. 61).

A discussion of postsecondary education sectors highlights the variety of roles and missions addressed by colleges and universities, including the different constituencies served by higher education. In his 1996 article, "Meeting the Demand for Higher Education Without Breaking the Bank: A Framework for the Design of State Higher Education Policies for an Era of Increasing Demand," for *The Journal of Higher Education*, William Zumeta identifies the relationship between planning and marketing strategies used in the private/independent higher education sector and state policy initiatives. His research "suggests that *market-competitive-oriented* policies are likely to be cost-effective for most states" (p. 366). Next, Paul Boyer in his book, *Native American Colleges: Progress and Prospects* (1997), for the Carnegie Foundation for the Advancement of Teaching provides an excellent overview of the history of tribal colleges, their new land-grant status, and their important contributions in meeting the postsecondary educational needs of these communities.

Distance education has become an issue of increasing public policy concern. Greater use of technology and alternative delivery systems provide policymakers with additional solutions to addressing access demands and cost constraints. Nancy Zeller in her 1995 article, "Distance Education and Public Policy," for *The Review of Higher Education* discusses the status of distance education in several states and the impact of governance issues on alternative delivery systems. She argues that this may be the "defining moment for higher education and educational technology" as new systems of instruction reshape higher education and therefore public policy (pp. 145–146). In this regard, a thought-provoking and comprehensive policy discussion of the need for electronically delivered educational programs is provided in the Western Governors' Association's 1996 publication, "From Vision to Reality," on the proposed Western Virtual University. By the fall of 1997, twenty institutions will participate in a pilot program as a precursor to the launching of the now named Western Governors' University.

Approaches for improving the undergraduate education curriculum are discussed in the National Center for Higher Education Management System and the Education Commission of the States' 1993 report, *The Effect of State Policy on Undergraduate Education: State Policy and College Learning*, authored by Dennis Jones and Peter Ewell. They propose an audit or checklist to understand the relationship between states and institutions in developing policy initiatives for improving undergraduate education. They identify a list of good practices as well as suggestions for mediating influences affecting policy implementation.

Higher education's research function is a significant public policy issue requiring a comprehensive understanding of funding practices and purposes. Roger Geiger in his chapter, "Research Universities in a New Era: From the 1980s to the 1990s," from his book, *Research and Relevant Knowledge: American Research Universities Since World War II* (1993), discusses the role the federal government has played in funding research and the relationship of research projects to society. This policy research offers one of the most current assessments of research funding of major research universities.

Opportunities for international postsecondary educational exchange have greatly expanded as a result of technology advancement, and this has increased our understanding of higher education policies and practices of other countries. Leo Geodegebuure and associates in their substantive chapter, "International Perspectives on Trends and Issues in Higher Education Policy," from their book, *Higher Education Policy: An International Comparative Perspective* (1994), provide an informative review of public higher education in eleven countries and discuss approaches taken in other countries on issues of governance, quality, and accountability. They also explore policy levers for creating change. Their research provides one of the most recent comprehensive overviews of international higher education policy.

What We Hope You Will Gain From This Section

In this presentation of current postsecondary education policy issues, we have attempted to provide the reader with not only a greater understanding of issues that will continue to dominate the higher education policy environment but also an understanding of different approaches that can be used in conducting public policy research and policy analysis. In addition, we hope the reader has a better appreciation of the following:

- a definition of public policy within the postsecondary context;
- an understanding of the breadth of issues facing the postsecondary community;
- knowledge of additional resources from the references used in the articles, chapters, and reports in the *Reader* and a review of the bibliography at the end of this work; and
- the complex array of topics which needs to be considered when conducting policy research and analysis.

Finally, public policy can be more easily viewed as an art rather than a science, and thus, appropriate solutions for addressing the "public good" will rarely be achieved by following a given script for developing effective public policy. Good policy will be achieved through open exchanges among the many stakeholders who recognize and understand the differences among one another's roles, needs, and expectations.

On behalf of the four editors and the advisory board, we hope this volume provides you, the reader, with a greater understanding of the foundations of higher education policy and the contemporary issues within the postsecondary education policy environment.

PART I

FOUNDATIONS OF PUBLIC POLICY AND HIGHER EDUCATION

The Nature of the Policy Process

RANDALL B. RIPLEY

The policy process is complicated, and the analyst must seek to simplify it. The generic form of simplification used by social scientists, including political scientists, is a model. These models—or simplifications of a very complicated set of processes—can take many different forms, ranging from the purely verbal to the purely mathematical. All of them, however, have the same purpose: to render what is incredibly complex and idiosyncratic in any individual case into a set of relationships that are both simpler and more recurrent. Model makers aim at both understandable patterned description and, sometimes without thinking about it, at explanation (what causes what). This chapter represents my own efforts to "model" in several ways the policy process at the national level in the United States. I will try to make a complicated set of processes understandable in terms of patterns that tend to recur, and I will offer some comments about explanation.

This chapter focuses on models that lay out various stages of policy activity. These models include stages in the policy process that include both political activities and intellectual activities that occur simultaneously (much like the discussion in chapter 1 of the six major policy-related activities and the potential roles of political scientists at each stage). These stages also deal, either implicitly or explicitly, with the policy "products" that emerge over time. And, of course, the ordering of the stages has chronological implications about what might be expected and in what order by anyone looking at the policy process.

A second kind of modeling enterprise starts with the notions that different kinds of policies, differentiated by some broad categorical scheme, are the product of different kinds of political patterns and/or that, when different things are at stake, different kinds of policies help generate different kinds of patterns of political relationships and influence.

Relationships running in both directions (that is, from patterns of interaction to types of policy and from types of policy to patterns of interaction) may be present simultaneously and may reinforce each other. This whole area of exploration will be the subject of chapter 3.

In the rest of this chapter I will look at the utility, limits, and purposes of models in general. Second, I will lay out a simple model for the understanding of policy. Third, I will consider more complicated visions of the U.S. national policy process, and finally, I will summarize in descriptive fashion the flow of policy activities and products of which students of the national policy process in the United States should be aware.

Models: Utility, Purposes, and Limits

Models are not neutral. The choices of what factors seem important to include (and, conversely, what can be excluded) may be shaped, consciously or unconsciously, by ideology or any of a thousand other influences over the mind of the person constructing the model. In short, the general vision of political life is both empirically and theoretically derived. This vision is likely to be included in a model of the policy process.

Utility and Purpose

The major utility of any model is that it simplifies complex reality in ways that can be readily understood. The trick is knowing what level of simplification is appropriate. If a model adheres to too many of the attributes of reality it is seeking to summarize, it becomes unwieldy and too like the original. If, on the other hand, the model becomes too simple and omits too much, it is no longer recognizable enough to be useful in understanding reality.

Modelers of anything face the same general problem. Consider those who want to model railroads. They must choose a scale that allows trains, yards, mainlines, surrounding countryside, and other attributes in and around the real thing to be portrayed sufficiently to give the sense of reality, but with obvious distortions. They must decide what is essential. That usually comes down to preferences for details on cars, especially on locomotives. What is gained in detail is lost in space and vice versa. Ultimately, the scale chosen by any individual modeler becomes a matter of aesthetic taste based, in part, on a judgment of the nature of a satisfactory model. Choices of levels of abstraction and detail in models of political and policy processes partake of the same mix of judgment and aesthetics.

Limits

A specific limit on models of the policy process that needs to be mentioned is that any model (particularly the "flow chart" or "box and arrow" type you will find in this book) is likely to make the world of policy too ordered, too predictable, and too rational. Regardless of the form of the model used, it needs to be realized that:

- The chronology implied in any model of the policy process is only rough at best. Stages may occur "out of order," simultaneously, or in other ways that are not tidy chronologically.
- The boundaries between different stages are blurred and not readily discernible to either participants or analysts in completely clear or consistent ways.

A Simple Model of the Policy Process

As we begin to examine some possible models of the policy process, we must be constantly aware of the purpose of such examinations. Such models are useful in either designing research or in appreciating the studies of others, because they point the reader to the appropriate clusters of variables and to the appropriate relationships between those variables. A model of general applicability and with few variable clusters inevitably points out only the most important variables and the most gross level of relationships to which the observer or researcher must be sensitive. But such a model, although not immediately useful for guiding specific and focused empirical research, is useful in a broader sense because it suggests a general overall vision of the factors that the political science policy analyst must take into account in making sense out of policy phenomena. Thus, we begin with Figure 1, which portrays the most general model of the policy process.

There are several fairly important ideas embedded in this figure. First, note that the environment and the perceptions of environment on the part of policy actors are partially independent and partially intersecting. Environmental factors can be important even if not perceived by policy actors. Likewise, perceptions—regardless of how accurate or inaccurate they

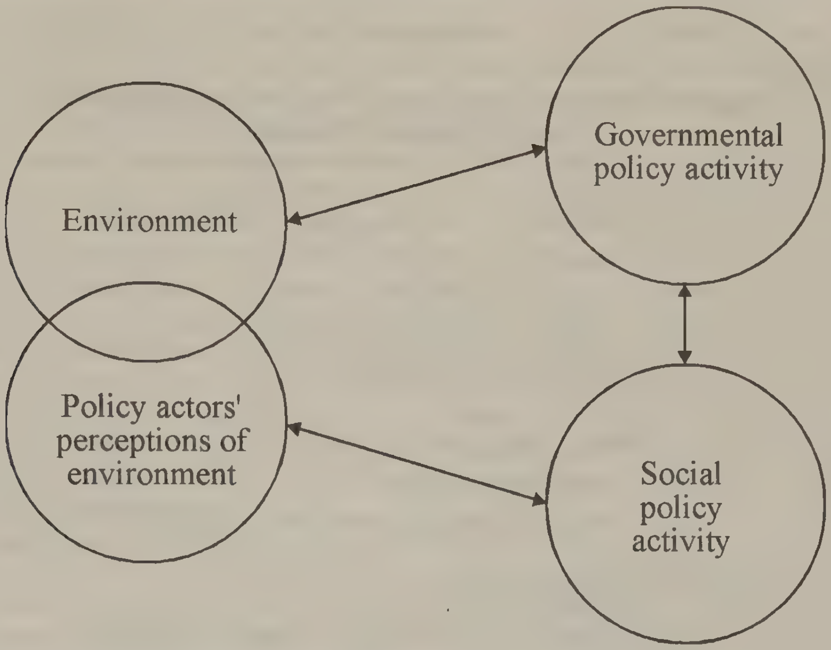
Environment
Governmental policy activity
Policy actors' perceptions of environment
Social policy activity

FIGURE 1. General Model of the Policy Process

may be—may have independent weight. Analysts define environmental variables in analyzing policy and in trying to figure out what causes certain kinds of policy responses. Some of those analytical constructs have considerable validity, and some of them reveal pressures and forces in society that help explain substantial portions of subsequent policy activity. This is true even if, in some cases, the policy actors themselves are not aware totally, or even aware at all, of the environmental factors that analysts find to be important.

It is also important to note that policy actors move on the basis of their own perceptions. These perceptions include some of the environmental factors that analysts determine to be important. But the perceptions may also be of events, trends, and factors that analysts cannot find systematically important but, in the day-to-day decisions by influential actors that shape outcomes in detail, are quite important.

The analyst must pay attention, then, to environmental variables that are uncovered and structured by analytical procedures. But he or she must also pay attention to the perceptions of policy actors as distinct from the analyst's constructs. Actors' perceptions are also "independent variables" that can and usually do have considerable importance in explaining subsequent policy activity.

A second idea that has some importance is that policy activity occurs both in the government and in society. Political scientists interested in policy all too often assume that the activity of government and of governmental actors (members of Congress, presidents, bureaucrats, justices) is all that needs to be studied. To be sure, governmental policy activity is important and requires careful analysis. But equally important is the activity in society that helps shape the general nature of any policy activity. For example, a health clinic may be built by the government, but without the societal activity of individuals choosing to use the clinic nothing much happens. Society and government interact within the context of environment in determining the totality of policy activity. In subsequent discussion I will distinguish between different types of policy activity, but the general point that there are both societal and governmental dimensions to any study of policy should not be missed.

It is worth noting that the arrows, which signify influence or in a rough sense causation, run in both directions between all of the variable clusters. This suggests not just that environment

TABLE 1

Major Factors for Inclusion in a General Model of the U.S. Policy Process

- *I. Environment*
    - A. Outside government
    - B. Inside government
    - C. Specific policies and programs
    - D. Perceptions of policy actors
- *II. Governmental Policy Activity*
    - A. Policy statements
    - B. Policy actions (implementation actions)
- *III. Societal Policy Activity*
    - A. Societal implementation (usage of programs)
    - B. Policy/program results

and policy actors' perceptions of the environment "cause" subsequent policy activity in the government and society but that policy activity in both government and society helps shape both the environment and (especially) policy actors' perceptions of it. Likewise, the governmental and societal dimensions of policy activity affect each other.

The notion of "subsequent" policy activity is, in some ways, misleading. The use of such language suggests that there is a single linear passage of time in which some events take place before some other events and that there are variables that are causative (or independent) and other variables that are resultant (or dependent). Such relationships can be analyzed. In fact, there is no simple linear chronology because all phenomena are constantly present and constantly changing through time, and these changes can have many different chronological relationships to each other. Thus, environment at Time 1 may help "cause" governmental policy activity at Time 2, which may have impact on societal policy activity at Time 3, which in turn may help shape the environment at Time 4, and so on. Even this abstract example is too simple, since it implies that there are predictable cycles of what variables are to be considered independent and dependent at any given time. That may not be altogether true, although the analyst sometimes has to pretend it is true in order to impose some order on an otherwise hopelessly complicated set of relationships.

More Complicated Models of the U.S. Policy Process

Major Factors to Consider

Let's look again at the very simple set of relationships portrayed in Figure 1. That figure lays out three major clusters of factors (variables) that a policy analyst needs to consider. Those clusters can be elaborated a bit in order to develop a more sophisticated, specific, and practical design for conducting any individual inquiry. Table 1 presents an overview of one such elaboration. In the paragraphs that follow I will discuss the major concepts.

Environment: That Outside Government. The first facet of the environment of importance to the policy analyst is the general environment external to government. This signifies that all policy decisions are set in the context of general external environmental factors and that these factors are likely to influence a good deal of what else happens.

The external environment is of two broad types. First, the environment can be described as a series of patterns involving a variety of economic, social, and political factors, including patterns of beliefs and values. These patterns are the constructs of social observers and analysts. For example, unemployment is a genuine feature of the external environment that has the potential for exerting an influence over a good deal else that goes on in the policy process. But the specific form in which unemployment is described—based on a monthly rate broken into population sectors (white males, black teenagers, female heads of household, and so on)—is the construct of social scientists (in this case, economists). Many features of society are in the same mold: they are real, to be sure, but the form of their description is an invention of social scientists. Patterns of portions of the external environment might involve such factors as public opinion, party strength in society, the nature of political coalitions in society, and a great variety of economic and social conditions.

The second type of broad environment is best described as random events. These are not the external constructs of social scientists, even in descriptive form. They are simply events—both natural and those made by people—that occur and have some policy relevance. Major natural disasters (earthquakes, floods, hurricanes, and so on), for example, usually occasion some kind of policy response. Acts of terrorism, national or international, also trigger responses. The analyst needs to acknowledge that such events occur, are generally unpredictable, and have policy consequences that must be analyzed.

Environment: That Inside Government. A second major facet of the environment of importance to the policy analyst is the general internal environment. "Internal" refers to the inside of government in both a structural sense and a process sense. The government has a particular structure and a particular set of operative processes at any given time. These facts have general policy consequences, as do the pattern of relationships between governmental units and nongovernmental interests. Features of the general internal environment that might require systematic attention by an analyst include characteristics of agency structure in the bureaucracy or of subcommittee structure in Congress; characteristics of personnel in agencies or subcommittees; and characteristics of decision-making processes in pieces of the bureaucracy or of Congress.

Environment: That Related to Specific Policies and Programs. A third major facet of the environment of direct relevance to policy analysis is the specific environment in which any particular policy or program is set. While any individual policy or program is set in the general external and general internal environments described above, any individual policy or program is also set in a context of previous statements and actions. These statements and actions may be in earlier iterations of the policy or program itself, they may be in relation to related forerunner programs, or, at minimum, they describe the context in which the program was formed. No policy or program emerges without some sort of history. If it is an ongoing program or policy, the history is that of the policy or program itself. Even new policies or programs have a prehistory that helps shape the actions, results, and other phenomena at any given time. The notion of incrementalism—that policies and programs tend to change only in small units at any time—is based on the notion, in part, that the specific policy and program environment is a powerful explanatory factor. In short, what occurs in any given time period is a close variant of what existed in the previous time period.

Environment: Perception of Environments by Policy Actors. All aspects of the environment are subject to some sort of perception (or ignorance) on the part of policy actors. Those perceptions, in a sense, become independent of the phenomena perceived. Thus, both the phenomena and the perceptions can and often do have independent weight in a policy process. The perceptions are most important in helping determine what policy decisions get made. The phenomena—regardless of the accuracy or inaccuracy of perceptions—have the most weight in helping determine what the policies adopted can and cannot accomplish.

Governmental Policy Activity: Policy Statements. The first major form of governmental policy activity of concern to a policy analyst is the set of activities and processes that result in policy statements. Policy statements are declarations of intent on the part of the government (or a portion of the government) to do something. This declaration is sometimes highly visible, as in a statement by the president or in the passage by Congress of an important new statute. This declaration can also be invisible to most of the public, as in a statement by a bureau chief to an important lobbyist for the bureau's clients. Different levels and different parts of the government may make conflicting policy statements simultaneously. Even the same participant in the policy process may make conflicting statements within a relatively short period of time.

Policy statements may be either intragovernmental or societal in nature. In the former case, they represent an orientation toward the future of specific units of government within the governmental structure. In the latter case, they represent an orientation to what the unit of government will seek to do in society. The latter policy statements are of interest to policy analysts. The former are of primary interest to students of public administration in a more restricted sense.

Governmental Policy Activity: Policy Actions. Policy actions are what the government does as distinguished from what it says it is going to do, sometimes with many and conflicting or unclear voices. Policy actions can also be called implementation actions. Such actions are what happens, typically, after laws are passed authorizing a program, a Policy, a benefit, or some kind of tangible governmental output. The set of activities that follow policy statements constitute implementation activities. Implementation activities (to be explored in more detail in chapter 5) include the acquisition of resources needed for action, interpretation of laws (usually through writing regulations), planning for action, organizing action, and providing benefits and services.

Societal Policy Activity: Societal Implementation. Societal implementation refers to patterns of usage or nonusage of programs and intended benefits on the part of those eligible to partake. Or, in a coercive program, such as the draft, societal implementation would refer to such matters as registration rates and evasion rates. In a program conferring benefits—a publicly funded job training program, for example—the rate of usage of training slots for individuals and the nature of the users would both be matters of interest to the policy analyst. Who's involved? Who benefits? It needs to be recognized that not all of those who are eligible may actually show up and take part or benefit in whatever way they are supposed to benefit.

Societal Policy Activity: Policy/Program Results. The results of any policy or program also involve society. The central point of the governing enterprise is—or should be—to have some felicitous impact on society through a variety of policies and programs. The analyst needs to sort out what those impacts or results are and, above all, how they are to be explained. Why? is the central question in the analysis of results, just as it is in the analysis of any part of the policy process.

While the analyst needs to look for evidence of the intended results or consequences of a policy or program actually occurring, he or she also needs to look for unintended consequences. In some ways, it is useful if the consequences of nonactions or "paths not taken" can also be discerned. All of this is complicated and tricky. The whole question of how to evaluate policy and program impact will occupy us again in chapter 6.

Relationships Between Major Factors. As Figure 1 suggests, all major clusters of policy related variables interact with each other. When the major variable clusters are elaborated, as in the discussion accompanying Table 1, the relationships of any one cluster to all others should be investigated. The world of policy, in fact, seems to be structured that way. In a more practical vein, however, social and political research cannot pay attention to all important factors and relationships in any single study. Therefore, a subset of factors and relationships will be selected for closer analysis in any given study. A few examples of studies using subsets of the basic collection of factors and relationships will indicate the strengths and weaknesses of the particular choices that are made.

The point to be underscored through these illustrations is that any given set of choices about what to study and what not to study in considering policy and policy-relevant variables has both costs and benefits. Practicalities of time, money, and brainpower limit any study. Different choices of what to study and what to exclude are appropriate depending on what needs to be examined with the most care.

Example A: A Perceptual-Process Model. A model stressing the impact of the perceptions of the policy-relevant environment on the part of policy actors and characteristics of governmental processes on policy actions has been used to investigate the development of four specific federal programs in the economic and human resource development area in the mid-1960s to early 1970s period (Ripley, 1972). The general model used to structure the research is diagrammed in Figure 2. The point of this example is not to summarize the research findings but to assess the strengths and weaknesses of focusing on these particular variables in trying to explain policy actions.

The model was used, essentially, in analyzing data that can best be described as four case studies of the programs of the Economic Development Administration, of the Job Corps, for Appalachia, and for Model Cities that were systematically compared. The empirical content of the four cases was partly based on judgments—those of the author and those of people involved in decision making for the programs. This model seems best adapted to studies that might be characterized as decision-making studies. The strengths of the model (or more accurately, the

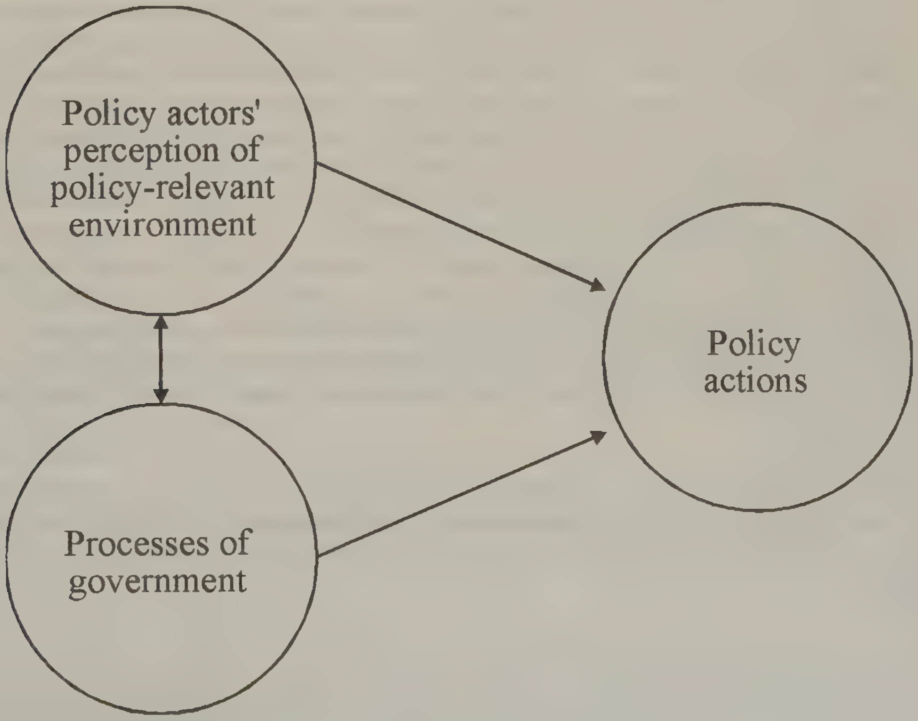

FIGURE 2. A Perceptual-Process Model for Investigating Policymaking

strengths of relying on the factors assumed to be most important for purposes of the model) can be summarized briefly:

1. This model allows examination, understanding, and explanation (in a loose sense) of agenda building. In the study cited, the model was applied to the four programs noted above, all of which were created between 1964 and 1966. Thus, the initial stage of the process—agenda building—could be examined in a comparative framework. This is useful since there is relatively little systematic study of agenda building even though it is important (see chapter 4 for more discussion of this point; see also Kingdon, 1984).
2. This model allows examination, understanding, and explanation of initial policy actions (also policy statements). The earliest stages of creating a policy and implementing it are amenable to use of these particular clusters of important factors.
3. This model accommodates detailed variations in policy actions. These variations might be washed out in a different kind of model and/or a model relying on different kinds of data. Detailed variations might seem trivial, but if policies do not differ a great deal from each other over time (which is often, although not always, the case in the United States), then relatively small variations are or can be important.
4. This model is particularly strong in assessing decision making—not just the content of decisions themselves. A number of approaches to policy studies assume that the content of decisions is all that matters. This model suggests that the manner of decision making also helps produce different kinds of policy actions.

This way of examining policy has some definite limitations:

1. It does not seem particularly suited to dealing with policy results.
2. It may be limited to comparative case studies. And, of course, case studies detailed enough to be worth analysis can be produced only in limited quantities. Therefore, the data base (or the N) is, by design and of necessity, fairly limited.
3. This model—particularly the reliance on perceptions of policy-relevant environment on the part of policy actors—has limited longitudinal utility. Typically, perceptual data have to come from interviews or a combination of interviews and documentary sources. Yet, trying to get interviewees to reconstruct their perceptions for times past is generally unrewarding. They have forgotten the past, or they look at the past through the eyes with which they see the world in the present (which produces distortions, although not necessarily deliberate), or they deliberately distort what they claim to have thought in the past for one or more of many possible reasons.
4. Data collection is costly because considerable detail has to be gathered and because interviewing in general, which is a technique required for collecting some of the appropriate data, is expensive in terms of both time and financial support.
5. As already implied in some of the points above, the scope of this kind of policy study is limited. As scope expands, detail (and in that sense, rigor) is almost surely going to have to be sacrificed.

This type of model is a good example of the mix of strengths and weaknesses that any particular choice of model is likely to impose on the study of policy. The person or persons doing the study should be aware of those strengths and weaknesses and choose the model best suited to the purpose.

Example B: A Structural Model. One more example will help underscore the general points made above. A submodel focusing on the impact of patterned parts of both the external and internal environment on policy actions and, at least in principle, on policy results in society has here been labeled a structural model (see Ripley and Franklin, 1975, for an example of its use, primarily in explaining dollars available to individual federal agencies that compete in a budget process over time). The general model employed for such a study is portrayed in Figure 3. Perceptions and processes are omitted. They are replaced by patterned parts of the external environment, by patterned structures inside the government, and by previous policy actions. This model, like the previous example, seeks to explain policy actions. But it goes about seeking those explanations in a very different way. Again, some fairly clear strengths and weaknesses are attached to this way of investigating policy. In some ways, they present a mirror image of the strengths and weakness outlined for the first submodel.

The strengths can be summarized in three points:

1. This model is more suitable for investigating ongoing programs than the other model, which is more suitable for investigating new programs in their early stages. The model rests on assumptions and can be made to incorporate research techniques appropriate to continuing programs, some of them with long histories. Policy actions in such programs and results stemming from them can, in principle, be investigated using this model.
2. This model can be used in connection with data collection priorities that allow both considerable rigor and a large scope (that is, many programs) simultaneously.
3. The first two points imply that this approach to the study of policy allows a long period of time to be covered. People's (policy actors') memories are not a source of data, so relevant policy data can, in principle, be reconstructed for the past from documentary sources. There are, of course, the usual problems in finding comparable data in documentary sources, but the problems do not lie in the decay of people's memories, the distortion of their memories, or the unavailability of the people.

This submodel also has definite limitations:

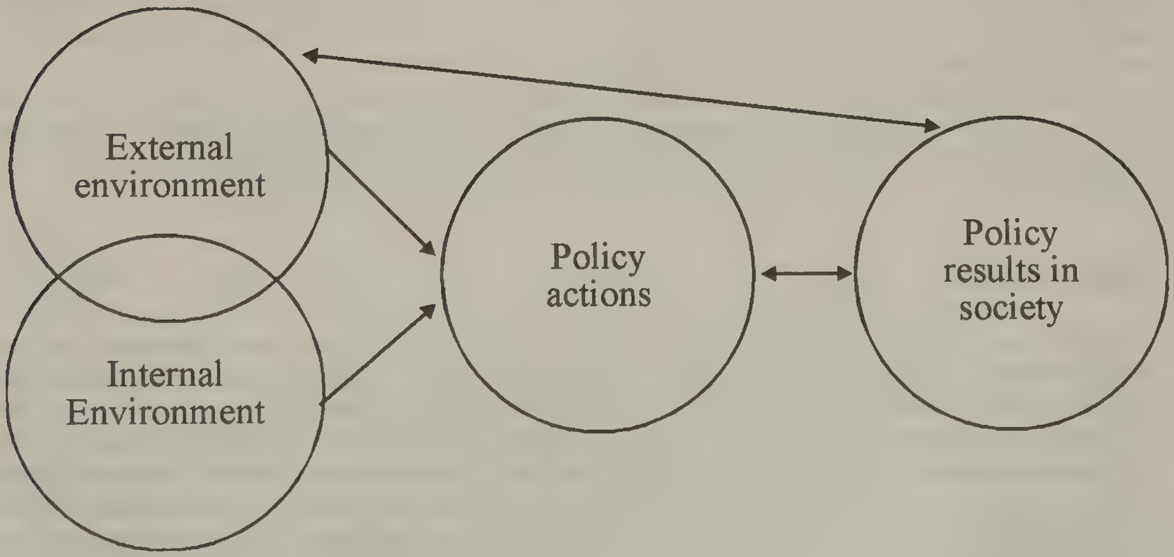

FIGURE 3. A Structural Model for Investigating Policymaking

1. It is not suited to addressing agenda building. It is best at handling ongoing, established programs.
2. It does not examine fine variations in programs; rather, it looks at aggregate program data, which inevitably produces a concern for fairly gross variations.
3. It has no way of probing for, including, or accounting for the various factors (political, psychological, perceptual) that go into the making of any specific decision. It simply assumes these will somehow "wash out" when the aggregate level is investigated.

I do not offer these two examples of models to suggest that one is better than the other in every case, nor am I under any illusion that two examples exhaust the universe of possibilities. But I want to make the point as clearly as I can that analysts have to make choices about what they can study and how they will go about their work. These choices are at many levels and at many points in time. But the first critical choice is to specify a model. Any choice inevitably includes some concerns and excludes others. A choice of a model (or submodel, if you prefer) can shape the nature of the data to be collected and, ultimately, may affect the analytical techniques to be used. The choices of model, data, and analytic techniques influence each other. A good analyst will understand the intricacies and interactions of these choices. A sloppy one will make choices and thereby be forced into additional choices without necessarily knowing or understanding that fact.

Stages of the Policy Process

Numerous treatments of the policy process lay out stages of that process, with various nominal labels attached, in order to help organize discussion and analysis. Such stage-oriented discussions do not form the direct basis for hypothesizing causal relationships, although such hypotheses may emerge. Rather, they are rough chronological and logical guides for observers who want to see important activities in some ordered pattern or sequence. Such organizational helpers are useful and, in fact, essential for anyone trying to plow through the complexities of policy making and policy analysis. At best, such maps—even with their rough spots and simplifications—lend some clarity to the observer/reader/student as he or she grapples with a complicated and sometimes murky set of interactions and processes.

I see no point to repeating a lot of different authors' versions of policy stages. There are many versions. Most of them have some similarities. Many analysts agree pretty well on the central activities requiring attention. Instead, in the final pages of this chapter, I will offer my guide to the stages of the policy process for the readers of this volume.

Major Stages

Figure 4 lays out the basic flow of policy stages, major functional activities that occur in those stages, and the products that can be expected at each stage if a product is forthcoming. Naturally, a policy process may be aborted at any stage. Beginning a process does not guarantee that products will emerge or that a stage will be "completed" and so lead to the next stage. Figure 4 presents the general flow of stages, activities, and products that can be expected in a policy that is generated and transformed into a viable and ongoing program. "Stages" are the names attached to major clusters of activities that result in identifiable products if they reach conclusion. "Functional activities" are the major subroutines of actions and interactions engaged in by policy actors. "Products" are the output, or end result, of any general stage.

Agenda setting. Somehow the organs of government must decide what they will pay attention to. The stage at which this decision is made in any given policy area is here called agenda setting. Thousands of issues are constantly vying for inclusion on the governmental agenda. Only some

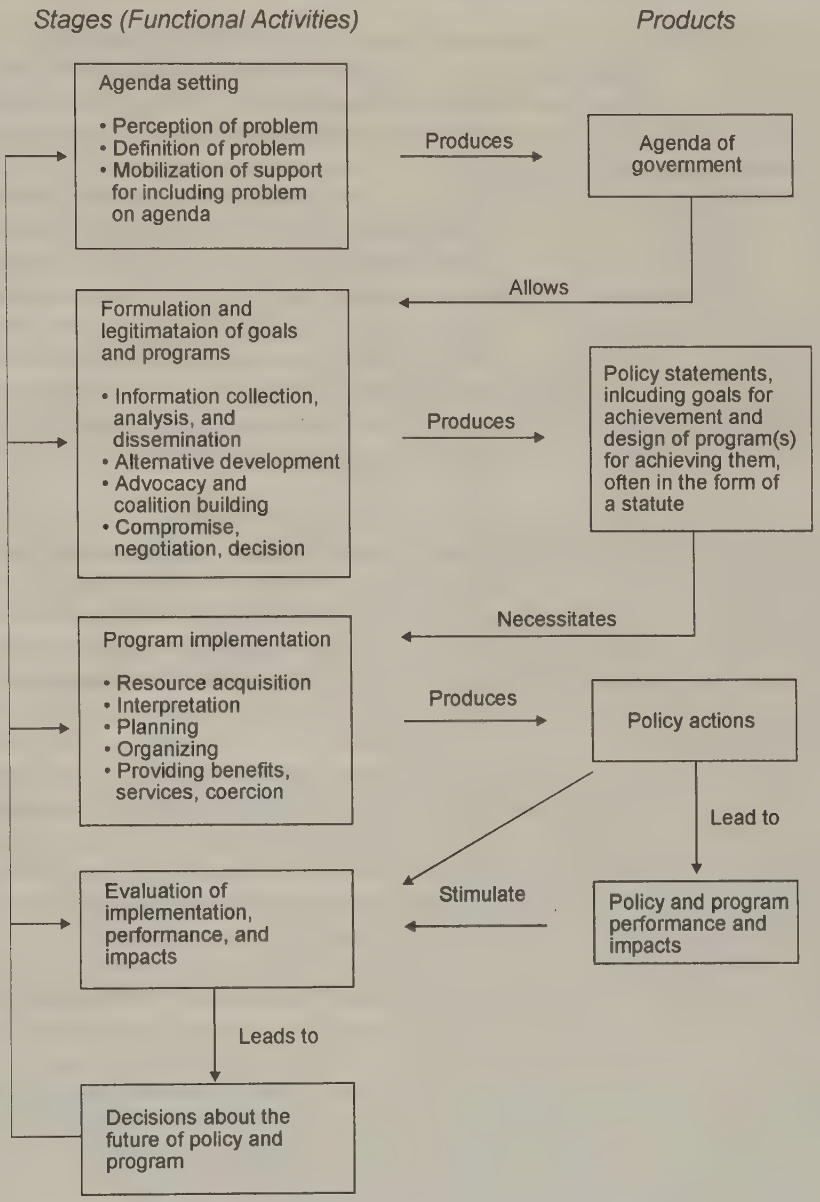
Stages (Functional Activities)
Products
Agenda setting
• Perception of problem
• Definition of problem
• Mobilization of support for including problem on agenda
Produces
Agenda of government
Allows
Formulation and legitimataion of goals and programs
• Information collection, analysis, and dissemination
• Alternative development
• Advocacy and coalition building
• Compromise, negotiation, decision
Produces
Policy statements, inlcuding goals for achievement and design of program(s) for achieving them, often in the form of a statute
Necessitates
Program implementation
• Resource acquisition
• Interpretation
• Planning
• Organizing
• Providing benefits, services, coercion
Produces
Policy actions
Lead to
Stimulate
Evaluation of implementation, performance, and impacts
Policy and program performance and impacts
Leads to
Decisions about the future of policy and program

FIGURE 4. The Flow of Policy Stages, Functional Activities, and Products

of them make it at any given time. The form in which they come on the agenda can vary over time and influence subsequent concrete decisions. The functional activities in the agenda-setting stage include the necessity for some individuals and/or groups to perceive a problem to exist, to decide the government should be involved in the problem, to define the problem, and to mobilize support for including the problem on the governmental agenda.

Competition enters these activities in several ways. First, different people compete to attract the attention of governmental actors for inclusion of any specific problem on the agenda. There is not a fixed number of agenda item "'slots" available at any one time. On the other hand, the capacity for the government to include items on its action agenda at any point in time is not unlimited. Second, even within the groups and among individuals concerned with a general issue area there will be competition over the specific definition of the problem and, subsequently, competition over which groups and views to mobilize and how to do it.

Formulation and Legitimation of Goals and Programs. Not all agenda items receive specific treatment in the form of decisions about policies and programs. Not all of them even get translated into a form that allows specific formulation and legitimation activities to take place. But if an item on the agenda is treated in any concrete way, the next step is for it to become the subject of formulation and legitimation.

Formulation and legitimation are complex activities that involve four major sets of functional activities, each complex in its own right. Part of formulating alternatives and then choosing one alternative for possible ratification is collecting, analyzing, and disseminating information for purposes of assessing alternatives and projecting likely outcomes and for purposes of persuasion.

Alternative development is one of the successor sub-routines to the one dealing with information. Another is advocacy, in which different persons and groups advocate different points of views and alternatives and seek to build supporting coalitions in support of their views and their preferred alternative. Finally, usually as a result of compromise and negotiation, a decision is reached. If the compromise and negotiation process breaks down, no decision is reached.

The generic products of the formulation and legitimation stage are policy statements (declarations of intent, including some form of goal statement) and the design of programs for making the intent concrete and pursuing achievement of the goals. Both the goals and the program designs may be vague and sketchy. Grandiose goal statements that lack clarity are usually the result of the compromise process. Too much specificity and clarity might prevent compromise of forces that don't really agree on fundamental concrete goals and aspirations. If the goals are raised to a more general and murky level, they can attract the support of persons and groups that might otherwise disagree.

Reasons for lack of specificity and clarity in program design are more numerous. Partly it is a matter of not proliferating details that might also proliferate disagreements, and partly it is a matter of time on the part of Congress, since program designs usually appear first in a statute. Congress must address hundreds, even thousands, of agenda items in any given two-year period. The members cannot fool with any one too long. Throughout the course of history, Congress has gotten into the habit of delegating administrative power to the president and/or to the agencies and secretaries concerned to flesh out rudimentary program designs. From the early 1930s to 1983, Congress could hedge its bets by inserting some form of legislative veto in a statute, which in effect made the president or agency check with Congress before proceeding with some specific actions. The Supreme Court ruled this invention unconstitutional in mid-1983. This ruling may force Congress to fill in a few more details some of the time, but it is doubtful if it will have more effect than that. The pressures producing extensive delegation by Congress will not change.

Program Implementation. The next stage (assuming that a policy has been stated and a program created) is program implementation. In order to implement a program, resources need to be acquired. The law needs to be interpreted, usually in written regulations and then in elaborations of those regulations. A variety of planning activities typically take place. Various organizing routines are part of implementation. Finally, the payoff-routines of providing benefits, services, and/or coercion (whatever the tangible manifestation of the program) are developed. All of these activities, although they sound more dull than advocacy and negotiation, are political. Conflict and disagreement can erupt. Various techniques of conflict resolution are necessarily brought into play. Policy actions are the products of the various routines and activities that comprise the program implementation stage.

Evaluation of Implementation, Performance, and Impacts. After policy actions lead to various kinds of results (what I call performance and impact), evaluation of both the actions (implementation) and the results (performance and impacts) takes place. The word *evaluation* often conjures up an image of "objective" social scientists applying rigorous analytic techniques and letting the chips fall where they may. Some of that may transpire. But, as used in this book, evaluation is a much broader concept and refers to the assessment of what has happened or, in many cases, what is *thought* to have happened. The "what" can refer to implementation, to short-run results (performance), or to long-run results (impacts). That assessment takes place constantly and is done by all kinds of people—officials of all descriptions, interest groups, legislators, researchers inside the government, and researchers outside the government. Some evaluation is completely based on political instincts and judgments. A good deal is based on a mix of a little information (often anecdotal) and political judgments. Some (a small portion) is based on systematic analysis of fairly extensive information (data).

Policy analysts coming from political science or any other discipline have a role to play in evaluation of implementation, performance, and impacts. But they should realize that their form of evaluation is only one form and that probably it is less politically relevant than almost any other form of evaluation that takes place. Not too much should be expected in terms of attention to or subsequent actions based on evaluation. On the other hand, evaluation should not be written off entirely. It has a place. I will return to this theme later in the book.

Decisions about the Future of the Policy and Program. The evaluative processes and conclusions, in all of their diversity, lead to one or more of many decisions about the future (or nonfuture) of the policy and program being evaluated. The necessity for such decisions means that the cycle can be entered again at any of its major stages. Conceivably, a problem will be taken off the agenda either because it has been "solved" or because it is viewed as no longer relevant. Or the nature of its most salient features as an agenda item may be changed. Thus, decisions about the future might reset the cycle to the agenda-setting stage.

Those decisions may lead back to policy formulation and legitimation. The necessity or legitimacy of keeping an item on the agenda may not be questioned, but legislative (statutory) revisions may be viewed as necessary or desirable, at least by some actors. Thus, the cycle is reentered somewhere in the activity cluster comprising formulation and legitimation. In some cases, decisions about the future may not require new legislation or amendments to existing legislation, but they may require some adjustments in program implementation.

Principal Limits on and Utility of a Stage Conception of the Policy Process

Remember when looking at the policy process as a succession of stages that any such conception is artificial. It may also not be true to what happens. It has a logical appeal, and it is presented chronologically, but chronological reality as it emerges in any case may vary significantly from what the stage-based model says "should" happen in a specific order. The process can be stopped at any point, and, in most cases, the policy process is truncated at some fairly early stage. Only some fairly modest subsets of all possible policies go through the entire process. And the process can be reentered or reactivated at any point and at any time.

In short, reality is messy. Models, particularly a nice listing of stages with an implied tidy chronology, are not messy. In a collision between tidiness and untidiness the analyst must not be so struck by the values of order as to force reality into a model in which it might not fit.

These are only caveats, however. The utility of organizing data and thoughts about complicated reality in this way is great. It allows the analyst to look for patterns and, more important, to explain the causes of different patterns.

Each of the major clusters of policy products contained in Figure 4 imply the beginning questions that are likely to be central to political scientists who are functioning as policy analysts:

1. The agenda generates the questions: To what does the government pay attention? Why?
2. Policy statements generate the questions: What does the government say it will do? Why?
3. Policy actions generate the questions: What does the government do? Why? How well does it do it?

4. Policy and program performance and impact generate the questions: What differences do government actions make? Why? How well do the programs work? Why?

These are not elaborately worded questions, but they contain the essence of the policy analytic enterprise. Clear answers are hard to come by, especially when they go beyond a fairly simple descriptive level.

Summary

1. Models in general are a useful device for portraying complex reality, including the policy process, in understandable form.
2. The simplest and most general model of the policy process introduces the interrelated concepts of environment, policy actors' perceptions of environment, governmental policy activity, and societal policy activity as the most important.
3. A more complicated model of the policy process necessarily distinguishes between different aspects of the environment, two types of governmental policy activity (policy statements and policy actions), and two types of societal policy activity (societal implementation and policy and program results).
4. The major policy stages are: (1) agenda setting; (2) formulation and legitimation of goals and programs; (3) program implementation; and (4) evaluation of implementation, performance, and impacts.

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Promoting Policy Theory: Revising the Arenas of Power

ROBERT J. SPITZER

Lowi's arenas of power has been one of the most durable and widely used schemes applied to the study of public policy. This article seeks to clarify some persistent ambiguities concerning the scheme, and to propose some specific revisions for one of the four categories. These revisions conform to general suggestions for making the four policy categories more sensitive to the degree to which actual policies possess the traits of more than one policy type. When the concepts giving rise to the four categories are thought of as continua rather than discrete entities, the scheme resolves for itself what many have perceived as its key weakness.

The process of theory-building, whether in the realm of policy studies or elsewhere, often incorporates an ad hoc admixture of deductive and inductive explorations. Indeed, approaching a problem from both broad theoretic outlines and specific cases and facts can provide an incisive avenue to learning.

The focus of this article is a policy scheme that was conceived on a broad scale—Lowi's arenas of power (1964, 1967, 1970, 1971, 1972, 1972a). This scheme has been subject to both wide use, and extensive critical attention (Beer, 1973; Grant, 1972; Greenberg et al., 1977; Hartmann, 1973; Hayes 1978; Hill and Plumlee, 1984; Hudson III, 1972; Kjellberg, 1977; Kornblith, 1968; Mann, 1975; Meier, 1979; Penbera, Jr., 1973; Peters, Doughtie and McCulloch, 1977; Price, 1972; Rakoff and Schaefer, 1970; Ripley and Franklin, 1976; Roos, 1969; Salisbury and Heinz, 1970; Schneider, 1979; Shiry, 1977; Shull, 1983, 1984; Smith, 1969, 1975; Spitzer, 1979, 1983, 1983a; Steinberger, 1980; Tatalovich and Daynes, 1984; Vogler, 1974; Wilson, 1973; Wootton, 1985; Zimmerman, 1973). Though the scheme has attracted much attention, misunderstanding persists regarding its conception and nature; in particular, attention is often focused on only three of its four policy categories (distributive, regulatory and redistributive) excluding the fourth category, constituent; moreover, inadequate attention is focused on the underlying logic behind the categories. Therefore, some attention to these elements is warranted.

The Arenas of Power

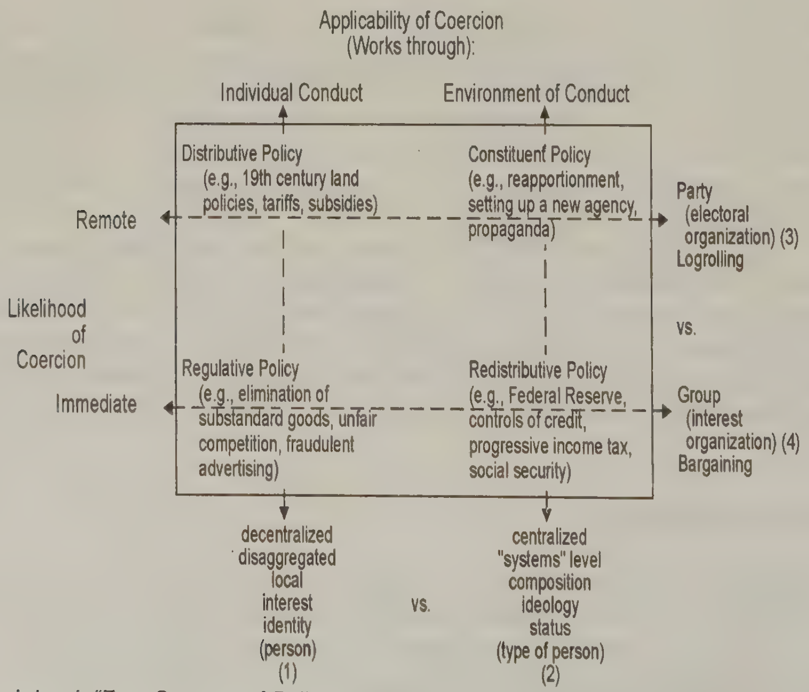
Lowi's approach to the study of policy began as a critique and synthesis of the prevailing approaches to the study of power and policymaking, focusing in particular on the role of groups and elites.[1] From this critique emerged an important and unusual argument—that different types of policies engender their own unique politics or sets of political relationships. Since policy itself is viewed as state-inspired coercion, it is then divided into two realms; how coercion is applied (applicability of coercion) and the consequences of that coercion (likelihood of coercion). Each of these two components is dichotomized to produce a four-cell matrix (Figure 1).

When the applicability of coercion applies to the individual, the policy and its political consequences are likely to be decentralized and disaggregated; when the applicability of coercion applies to the environment, the policy and political consequences will be more systemic and centralized. When the likelihood of coercion is remote, we are likely to find consensual political patterns, whereas coercion of an immediate nature engenders a more conflictual process.

The pairing of these characteristics produces the familiar four categories. Each category has its own unique policy characteristics which in turn engenders its own consequent political characteristics.[2] Distributive policies are those which can be dispensed and disaggregated on a unit-by-unit basis, in a non-zero-sum way. Classic examples include pork barrel, patronage and subsidy policies, like public works projects. Distributive politics, in turn, are characterized by accommodation, logrolling, and the prevalence of subgovernments following a pattern of mutual noninterference.

Regulatory policies, though individualized and specific in impact, cannot be disaggregated into a series of unrelated items. Classic regulatory policies involve laws that explicitly manipulate conduct through the use of sanctions, penalties and prohibitions. Consequent political characteristics are pluralistic, with interest groups heavily involved. Examples include laws restricting substandard goods, unfair competition, and antitrust legislation.

Redistributive policies incorporate those that are broad in scope, affecting classes of people—black versus white, poor versus rich, etc. Redistributive policies are long-range, insofar as they deal with the long-term allocation or reallocation of resources among these broad classes. The attendant political configuration most nearly resembles the elitist view of politics, characterized by the struggle between haves and have-nots. Opposing political forces tend to polarize into two sides, though the political struggles here are less fractious and intense than for regulatory policies. Examples include social security, monetary policy and the income tax.


Applicability of Coercion (Works through):
Individual Conduct
Environment of Conduct
Distributive Policy (e.g., 19th century land policies, tariffs, subsidies)
Constituent Policy (e.g., reapportionment, setting up a new agency, propaganda)
Remote
Likelihood of Coercion
Immediate
Regulative Policy (e.g., elimination of substandard goods, unfair competition, fraudulent advertising)
Redistributive Policy (e.g., Federal Reserve, controls of credit, progressive income tax, social security)
Party (electoral organization) (3) Logrolling
vs.
Group (interest organization) (4) Bargaining
decentralized disaggregated local interest identity (person) (1)
vs.
centralized "systems" level composition ideology status (type of person) (2)

Source: Theodore J. Lowi, "Four Systems of Policy, Politics, and Choice," Public Administration Review (July/August 1972). p. 300. Reprinted with permission of the author.

FIGURE 1. Types of Coercion, Types of Policy, and Types of Politics

Constituent policies have received less attention than the other three areas, partly because this category was added later, and because it is less well understood than the others (probably for the former reason). These policies are, in essence, the "rules of the game." They focus on the overhead function of government, and therefore the nature of governmental authority. Constituent policies usually attract relatively little public attention, as only the top political stratum tends to be concerned with these political arrangements. Examples include election laws, reapportionment, and administrative/departmental reorganization.

As mentioned, the arenas of power scheme has been the subject of both wide use and criticism. Though the criticisms raise important questions, these have been dealt with elsewhere.[3]

Revising the Arenas

Many who have worked with or studied the arenas scheme have observed that the degree of categorical "fit" for various policies is more precise for some than for others. For example, crime control legislation, which usually includes specific prohibitions backed by firm sanctions, is classic regulatory policy. But what about efforts to regulate that are less explicit in language, and /or that rely on sanctions such as fines alone, or license withdrawal, or that even offer positive incentives to encourage or discourage behavior? Similarly, some policies are classically redistributive, such as the income tax. But what about policies that are similarly broad in scope, but that seem to be closer to distributive policies, such as aid to education? Such questions arise about all four categories, and are often raised as evidence of the inadequacy of the scheme. I argue, however, that these questions do not undercut the scheme, but rather illustrate the viability of the categories when they are treated in a slightly different way.

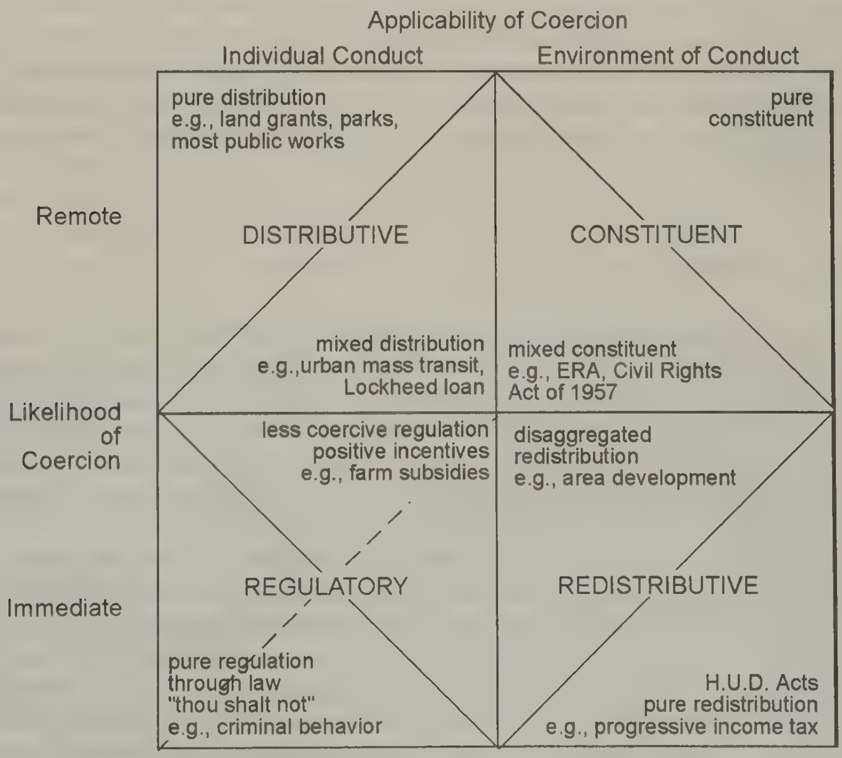

Applicability of Coercion
Individual Conduct
Environment of Conduct
Remote
Likelihood of Coercion
Immediate
pure distribution
e.g., land grants, parks, most public works
pure constituent
DISTRIBUTIVE
CONSTITUENT
mixed distribution
e.g.,urban mass transit, Lockheed loan
mixed constituent
e.g., ERA, Civil Rights Act of 1957
less coercive regulation
positive incentives
e.g., farm subsidies
disaggregated redistribution
e.g., area development
REGULATORY
REDISTRIBUTIVE
pure regulation through law
"thou shalt not"
e.g., criminal behavior
H.U.D. Acts
pure redistribution
e.g., progressive income tax

FIGURE 2. Revised Arenas of Power Scheme

Based on the notion that some policy cases represent a more "pure" categorical fit, whereas other cased are more "mixed," I proposed several years ago the revision depicted in Figure 2 (Spitzer, 1983:29–31).

Each box in the figure is cut in half, with the resulting inner diamond indicating the location of policies with mixed characteristics. The outer triangles represent the location of policies with more nearly pure cases. In the case of distributive policies, for example, the pure cases on the outside include examples such as parks, land-grant and most public works policies. The mixed cases are policies that are mixed either by virtue of the nature of the policy itself, such as urban mass transit, or by virtue of amendments and/or additions included in the policy. In the case of regulation, pure cases articulate relatively unambiguous rules of conduct backed by sanctions, whereas mixed cases prescribe conduct through less directly coercive means, such as the use of incentives. A pure redistributive policy is one that involves a direct transfer between classes (a relatively uncommon phenomenon in American politics), whereas mixed cases reveal some degree of policy disaggregation (in a distributive sense), as with area redevelopment policy, or the Housing and Urban Development acts of 1965 and 1968. A pure constituent case would include one that deals with purely administrative/overhead matters, such as election law or agency reorganization. A mixed case also involves governmental-administrative matters, but in the context of a policy that also deals at least partly with substantive governmental concerns, like civil rights. The actual determination of how policies are categorized is predicated on a series of classification rules that appear elsewhere (Spitzer, 1983:32–33, 1983a:556–574).

This distinction between pure and mixed cases was tested empirically elsewhere, relying on both case studies and aggregate analysis, and was found to be valid (Spitzer, 1983, Chs. 3, 4, and 6). In general, the political patterns of policies followed those predicted by the category characteristic, according to the degree to which a case was pure or mixed. For example, Lowi posits that regulatory policies will have highly pluralistic, and therefore conflictual political patterns. When a case involved pure regulation, conflict was indeed high. When it was a mixed case, however, conflict was less. An important political characteristic of redistributive policy was that the president had great influence over its attendant political process and therefore over the ultimate political outcome. Yet when a redistributive policy possessed mixed attributes, the president's influence was also less. And so on. These past findings are mentioned here briefly to point out that empirical verification of this revision does exist. We turn now to another refinement, dealing only with a single category.

Regulatory Policy

In a recent policy studies article, Tatalovich and Daynes (1984) focus on a single of Lowi's policy areas, regulatory policy. Their interest in this area arises from their prior work on abortion policy (Tatalovich and Daynes, 1981), which they conclude falls under the regulatory rubric. Yet they observe that abortion policy differs from most of the regulatory policies identified by Lowi and others, which are primarily economic in nature. To resolve this apparent divergence, they researched other literature on regulatory policy. They then made the distinction, drawing on past work, between economic regulation (so-called "old" regulation) and social ("new") regulation (Tatalovich and Daynes, 1984:208; Lilley and Miller, 1977; Weaver, 1978; Wilson, 1980). Thus, they divide regulation into two forms, economic and social, with abortion falling into the latter category. Tatalovich and Daynes (1984:208) define social regulation as "involving the use of authority to modify or replace social values, institutional practices, and norms of interpersonal behavior with new modes of conduct based upon legal proscriptions." They find that the politics of social regulatory policy differ from those of economic regulation by virtue of a greater involvement of the courts, ideology, and single-issue groups (Tatalovich and Daynes, 1984:209). Their study of abortion confirms this, as does a similar study of another social regulatory policy, gun control (Spitzer, 1987).

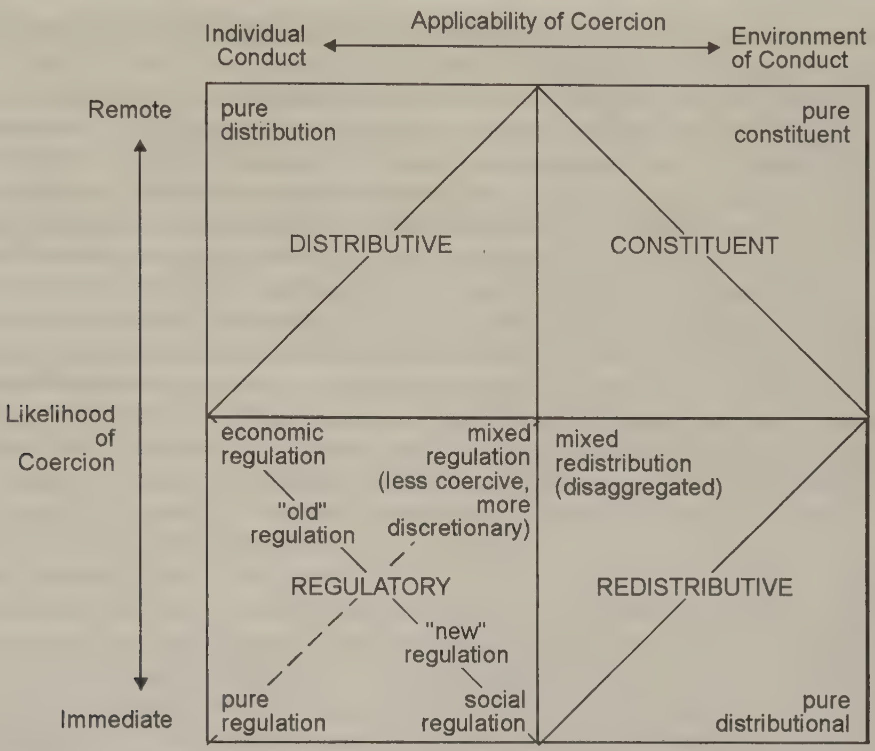

Applicability of Coercion
Individual Conduct
Environment of Conduct
Likelihood of Coercion
Remote
Immediate
pure distribution
DISTRIBUTIVE
pure constituent
CONSTITUENT
economic regulation
"old" regulation
mixed regulation (less coercive, more discretionary)
REGULATORY
"new" regulation
pure regulation
social regulation
mixed redistribution (disaggregated)
REDISTRIBUTIVE
pure distributional

FIGURE 3. Revised Arenas Scheme with Attention to Regulatory Policy

The key point to make about the two types of regulatory policy is that, though different, they are equally regulatory. In the context of Figure 2, each can have pure or mixed cases. As Figure 3 proposes, economic regulation is located closer to distributive policy, by virtue of its concern with the regulation of prices and conditions of market entry (Kelman, 1978; Wilson 1980; Salamon, 1981). This focus on concrete economic terms and consequences in the policy (so-called "old" regulation) should logically yield a political configuration that resembles the policy-politics relationship of the distributive area (as distributive policy deals mostly in the realm of the concrete). A brief example will help to illustrate such a policy.

In their analysis of regulatory policy, Ripley and Franklin (1976:116–117) discuss a relatively minor, but instructive, regulatory case involving cranberry growers. Shortly before Thanksgiving in 1959, the Food and Drug Administration (FDA) reported to the Secretary of Health, Education and Welfare (HEW) that some of the cranberries then available had been contaminated with a harmful weed killer. The Secretary went public with the news, advising consumers not to purchase tainted cranberries though there was no way for consumers to distinguish tainted from untainted berries. The announcement sent panic throughout the industry, as 70 percent of its sales occurred during this period. Hurried negotiations between HEW and the FDA, on the one hand, and the cranberry growers and their congressional supporters, on the other, produced a labeling program to identify safe berries for consumers. Unfortunately, the cranberry growers had already suffered significant losses, so they sought compensation from the government for $15–$20 million in losses (they ultimately received $10 million). According to Ripley and Franklin (1976:117), "[a] distributive subgovernment in effect intervened in the aftermath of a regulatory decision. . . ." Admittedly, the "regulatory decision" was not the issuance of a conventional rule or prohibition. Yet, the statement was the product of the FDA, and it represented the policy of that agency. It was also an effort to curtail certain market activity. Lacking from the statement was the issuance of an explicit penalty. One might argue, however, that the agency was simply relying on a less coercive form of manipulation of conduct (impelled, perhaps, by time constraints and/or political considerations).

Given the argument that regulation can be pure (explicit prohibitions backed by sanctions) or mixed (less coercion, more discretion), as summarized in Figure 3, the cranberry case illustrates an example in the administrative realm of "mixed regulation" where the policy characteristics and consequent political patterns resemble those of distributive policies and politics. It also involves "economic regulation." Thus, the location of the cranberry case within the regulatory box in Figure 3 would be at the top center, nearest the distributive box.[4]

Moving counter-clockwise in the regulatory box, economic regulation embodies regulation of prices, conditions of market entry and the like ("old"regulation is located closely to this); pure regulation embodies standard thou-shalt-not provisions, like criminal penalties; and social regulation, defined above as using authority to alter social values, institutional practices and behavioral norms, brings us closest to policy and political characteristics of classic redistribution. In terms of policy characteristics, we find that social regulation shares the broad scope of impact, winners-versus-losers, symbolically zero-sum traits of redistributive policy. Located near to this is what several have referred to as "new" regulation (Kelman, 1978:16–18; Salamon, 1981:150–151), involving non-market behavior including businesses. Cited examples include environmental issues, consumer protection and workplace safety laws (and agencies such as the Environmental Protection Agency, the Occupational Health and Safety Administration, and the Equal Employment Opportunity Commission). This "new" regulation is not purely social, but it does represent a departure from purely narrow economic/market concerns.

The political traits of social regulation are also similar to those of redistribution. Social regulation engenders bi-factional opposing coalitions. Such issues often involve the president as a key symbolic actor (e.g. abortion, gun control, obscenity, school prayer; this also tends to be true of "new" regulation—see Salamon, 1981:150–152) to a greater extent than economic regulation. Moreover, the political reverberations of social regulation arouse passions on a wider scale, as compared to economic regulation (consistent with social regulation's closer proximity to redistribution).

Despite these similarities, however, it is important to remember that social regulatory policies are still regulatory, as defined by the characteristics of the policy. According to the underlying argument of the arenas scheme, the particular political characteristics of social regulation resemble those of redistribution because the policy characteristics of social regulation differ from other forms of regulation, leaning in the redistributive direction. This brief sketch of the proposed sub-components of regulatory policy leads us to a final, more general consideration for the arenas scheme.

Splitting Hairs or Meaningful Distinctions?

The reader having gone this far might query whether these added distinctions represent overly narrow, or even trivial refinements. Naturally, this may be the case. I argue not, however, as all of this leads to a larger conclusion about the arenas of power—namely, that the dichotomization of coercion (immediate versus remote, individual versus environment) yielding four categories is, in a sense, both misleading and simplistic. To say this is not to criticize, however, but merely to recognize that complex concepts must often be simplified to make them manageable and useful.

Still, after more than 20 years of study and application, perhaps we are now at a point where we can recognize the obvious about the concepts underlying the scheme—that immediate versus remote, and individual versus environment as applied to coercion are not dichotomous at all, but rather are continua, as indicated by the arrows connecting coercion traits in Figure 3. The four key types upon which so much attention has focused imply semantically, as well as substantively, that policies falling under each are discrete and unique, and that it does not make sense to discuss degrees of distributiveness or degrees of regulation. The main point of this essay, however, is that the oft-neglected underlying logic of the scheme indicates that, in fact, it is perfectly logical and consistent to think in terms of degrees, instead of simple discrete categories. The refinements proposed in Figures 2 and 3 are aimed specifically at this goal, though they focus principally on only one category of policy. If we think of Lowi's scheme in Figure 1 not as a matrix, but as a two-dimensional map, where location of a policy is determined by the appropriate intersection of horizontal and vertical axes based on policy characteristics, then the scheme takes on greater richness and intricacy that is still entirely consistent with the concepts first outlined in 1964. In addition, the fundamental logic underlying the scheme—that policies engender politics—is sustained and, if anything, strengthened. The operational problems of implementing the two-dimensional map approach are, of course, considerable. For example, precise measurement of the relative likelihood of coercion across various policies remains, as of now, an important but unaddressed task. Still, a shift in thinking about the arenas scheme along the lines suggested here might prove to be very rewarding. One hopes that others will be sufficiently intrigued to continue this inquiry, perhaps through an inductive exploration of the other policy areas.

Notes

1. Though the scheme's conception was broadly deductive in this sense, it also grew from his very detailed study of New York City politics (Lowi, 1964a, 1971).
2. Care must be taken to avoid the fallacy of inverting the independent and dependent variables; this is, some are attempted to use political characteristics to categorize policies, rather than relying on policy characteristics themselves (the independent variable) as the basis for categorization. This and subsequent discussion of the categories is drawn from Spitzer, 1983, Ch. 2.
3. Criticisms of the schemes are discussed in Spitzer, 1983:26–29.
4. One might speculate that the likelihood of "agency capture" is enhanced the closer a regulatory policy is located to the distributive box; and similarly, that "capture" is less of a political problem when dealing with pure/social regulation, given the higher visibility and broader scope of the latter, as compared to the narrower scope and possible subgovernment involvement in the case of the former.

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Between Planning and Politics: Intellect vs. Interaction as Analysis

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Professors and policy analysts share one thing at least: they prefer explanations depending on latent rather than manifest functions—theories that are not obvious because they can account for action more profound than the specific behavior to be explained. After all, if things are just as they seem on the surface, who needs theorists? These academic scribblers have differed critically, however, in their evaluation of the mysterious mechanisms that guide society.

Beginning with the two Adams—Ferguson and Smith—the "invisible hand" of self-interest was found to guide buyers and sellers to serve each other, and hence society at large, without anyone necessarily intending this serendipitous outcome. The results before us (increase in national income, bread and butter on the table, each without conscious central coordination) and the theory (each actor trying to make a better deal) are on different levels. A closer look shows that this (in)famous theory is based on the superiority of social interaction over intellectual cogitation. The interactions in economic markets, where alterations in outcomes go on all the time, lead to better results than central direction by one mind that decides everything once and for all. Observe that it is not conscious intent but actual outcomes, even (perhaps especially) when unintended, which provide the criteria of success.

Let me recapitulate: motives may be base; outcomes can be unintended; intelligence is interactive. If self-interest is the motive, where (after all, Adam Smith was a professor of moral philosophy) does virtue come in? Through exchange! Morality does not depend on what motivates individual actions but on the results of social interaction. How are collective objectives set? They aren't; collective objectives are by-products of individual interactions. No one sets out to make the nation richer or to achieve a decent distribution of income. If these come about, they are not the results of public objectives but rather the collective consequences of private acts. Individuals make decisions; their social exchanges make outcomes.[1] How is intelligence brought to bear on human activity? By many minds interacting. How is coordination of these multitudes accomplished? Pretty much as crowds are coordinated when crossing streets; by each individual adjusting to the others. Coordination does not require a coordinator; coordination takes place so long as there is mutual benefit in the individual transaction.

Just as constitutions are written to guard against previous predators, so, too, theories react to the past as well as point to the future. Adam Smith saw himself as a radical critic of the mercantilist doctrine that justified a vast variety of state interventions in economic life.[2] As the doctrines of his school became the prevailing wisdom, they were in turn challenged by succeeding generations who found Smith's ideas self-centered, reactive, and fatalistic. His "hidden hand" had four unappealing aspects: (1) its motivation—selfishness over altruism; (2) its passivity—resultants instead of decisions; (3) its irrationality—interaction rather than intellect; and (4) its unpredictability—the future had become fate.

The secret was out. That hidden hand was a mailed fist. Capitalism was a legalized form of robbery, an institutionalized exploitation. Law, government, philosophy, all were rationalizations of capitalist class interests who owned the means of production. What else could one expect of a corrupt class that made a virtue out of evil by elevating self-interest to a moral principle?

Who, then, should be the repository of communal interests? If virtue resided in everyman alone, anarchy was the result. People were good but contaminated by a selfish state. They needed liberation not only from capitalism but from all forms of state power. Where the people collectively exercised their power through the state—for it was the people as a whole who represented virtue—the regime was called democratic socialism. When the masses did not recognize their own interests—failed, on their own, as Lenin said, to develop a revolutionary consciousness but instead retained the false consciousness of bourgeois reformism inculcated by the capitalist class—virtue resided in a revolutionary fragment. This vanguard of the proletariat, able to cleanse its consciousness of illusion, became the Communist Party.

Under socialism men would control their own destiny; fatalism would be replaced by conscious collective coordination. The name for this enterprise was scientific socialism. It was socialist in that, as the fraternal community of the dispossessed, it spoke in the name of all. It was scientific in professing a historical, developmental theory of society, which explained where it had come from and predicted where it would go (or where socialists would take it). Scientific socialism fused modern consciousness and medieval community. In the name of all, a collective consciousness, acting as one mind, would make rationality serve fraternity. And, best of all, the end would be known at the beginning because of planning.

Of special importance to students of policy analysis, however, is a difference among socialist traditions. As the participants themselves were wont to say, social democrats were likely to sacrifice socialism to democracy but their communist rivals would give up democracy for socialism. Social democracy therefore legitimized social interaction as a mode of decision making in politics. Once political forces are allowed free rein, including party competition, there cannot be one correct solution apart from the consent of the political actors. Politics becomes part of planning. The parties must establish and maintain rules (or conventions) for the give-and-take, bargaining, and negotiation by which political decisions must be made. It is essential also that they accept these decisions, apart from whether they wholly approve of the outcome, because they cannot expect to prevail on every occasion. Decisions no longer can be correct but can only be acceptable in that the criteria for truth are established by agreement through social interaction.

Between capitalism and socialism, then, between choice through social interaction and intellectual cogitation, where does policy analysis come in? Policy analysis is an effort to combine elements from the two traditions—infusing social interaction with intellectual direction and vice versa. I shall approach this attempt at synthesis by trying to clarify these opposing tendencies in the form of ideal models of pure intellect (called planning), and pure interaction (called politics).

If interaction does not demand common objectives, can our actions make sense if they are not goal-directed? They can. Do objectives have any place in policy analysis? They do. Efforts to modify intellect by interaction raise doubts about whether policy can be rational. I argue that it can. But can it also be moral? Applying social interaction in analysis of policy leads one to wonder whether one must morally accept whatever comes forth from this pulling and hauling. No. Must a collective conscience, then, guide all interaction? That depends on how we interpret the conversion of individual preferences into collective choices.

Consider the implications of Jung's wise words: "If a man is capable of leading a responsible life himself, then he is also conscious of his duties to the community." The intuitive meaning is clear enough: people who meet their immediate obligations to family and friends are those also more likely to recognize their implication in wider matters to which they ought to contribute. Obligation is learned most readily at home. At the communal level, however, this argument presupposes a compatibility between the individual and the collective that is open to challenge. Suppose what is good for General Motors (or for you and me) is not necessarily good for the country, and that such a clash of interests rends the fabric of society. Do citizens, then, have any right to base actions (that is, to do analysis) on selfish motives? It is argued that selfishness can serve society; in the clash of interests, citizens must give up part of what they have to get part of what they want; this exchange moderates their demands and, willy-nilly, serves others. If their motives were altruistic, the critical response goes, the general interest would have been paramount, and vulgar trades would be less necessary. To trade in values is to lose virtue. From this viewpoint, analysis would seem to be immoral, either because good motives would make it unnecessary to trade or because better motives would forbid it. We had better discuss this further, for if individual interests and collective exchanges are ruled out, policy analysis will be prohibited.

Exchange

Analysis is based on exchange: what individuals or groups will give up for what they can get. If we can get what we want without ceding anything, then we are either in a condition of perfect freedom—no obstacles to the realization of desires—or of absolute constraint—no movement can take place, because (all desires being absolute) nothing can be given up. Either there is no need to think because all desires are compatible, or there is no point in thinking because it can lead to no action. Neither thought leading to action, nor action influencing thought, makes sense.

The fundamental objection to exchange is that its motivation is seen as immoral. By reducing mankind to mere individual wants, citizens become sybarites: self-centered, indulgent, materialistic bundles of appetites—mouths without morals. Empathy gives way to selfishness. The citizen in a democracy, who should be an active contributor, becomes instead an apathetic ingestor driven by purely personal desires. Economic man, who recognizes no goals transcending himself, makes decisions that affect others thinking only of his own private profit. Democratic choice becomes perverted into the sum of individual choices based on materialist motivations. If exchange is dirty, policy analysis is culturally contaminated.

It is not always clear whether the objection is to exchange or to the motivation behind it. If the motivation were collective rather than individual, if its objective were moral and not material, would it then be all right to give up one thing for another? If justice for all could not be achieved, could more justice for some (as in preferential hiring of minorities) be traded off, in the vulgar jargon of the profession, for less to others? If the object of a political community were to inculcate virtue in its citizens by establishing and enforcing norms of proper conduct, could one consider that some means of obtaining virtue might be sacrificed in order to obtain others?

A nice example of this objection to exchange is the requirement that proposed federal government programs contain environmental impact statements showing absence of significantly adverse consequences before action can take place. Protecting the environment becomes a constraint around which other interests must work; that is, it becomes part of the objectives that must be satisfied in all other policies. We can describe the environment with the phrase fashionable in the sixties; it is a nonnegotiable demand. A reasonably rich society undoubtedly has room to accommodate the environmental consideration. Suppose, however, more than one objective becomes a nonnegotiable (nonexchangeable) constraint? There is now a requirement for inflationary impact statements, and few would argue that reducing inflation is unimportant. Recent proposals also call for impact statements on health, safety, education, and employment. Now the plot thickens. Where nothing is allowed to vary, everything remains constant. If all or most basic values are untouchable, change becomes impossible. The environment must remain sacrosanct, yet energy must be saved; how, then, can auto exhaust devices (which use more gas) be justified? If energy must be conserved and nuclear proliferation halted, how can one justify abandoning breeder reactors—which increase energy but also the opportunity to make nuclear explosives? Evidently, exchanges for good causes are being made. Once one escapes this *reductio ad absurdum* by saying that only comparatively few values must remain nonnegotiable, we are back again to exchange.

Motivation

Perhaps it is not exchange itself but the bad motives that lie behind it that are found objectionable. Mandeville's dictum—private vices, public virtues—may be rejected if we hold that public virtue reduces private vices. By acting for community and common interest, it is thought, public life may be elevated.

Motives, however, are (almost) always mixed. The question of which motive should prevail, therefore, is often crucial to public policy. Suppose some doctors make excessive income from medicaid for the poor. Should programs be designed to prevent their abuses, programs that make life difficult for doctors who behave honorably? Obviously, profiteering cannot be allowed. Or can it, *if* our objective is not only to deter the few but help the many? The moral of the story may take more palatable form if we consider people who are called "welfare cheats" because they deceive the government in order to receive payments. Should governmental programs be designed to catch cheaters, if this means also (as it does) denying or delaying welfare for the honest majority who need it? Just as citizens have varying motives, governmental programs that are meant to serve them also exhibit multiple motivation.

To suggest that anyone believes justice can be achieved and virtue inculcated by fiat (down with self-interest and up with community!) would be absurd. Everyone knows that governments that choose public over private interests often achieve neither and may even end up elevating a favored few in the name of the many. Clearly there is an empirical question about which sort of motivation leads to the best ends. The reverse—how can justice and virtue be achieved if they are not explicitly recognized as the proper wellspring of human motivation?—is more nearly arguable.

This argument has two components that are of the utmost importance for analyzing policy. One is that motives must be acceptable, and the other that justice must be knowable. Another way of putting it is that results, however good, do not count if they lack justification according to motives acknowledged to be good. If it is intentions rather than consequences of our actions that matter, evaluation of public policy would be about internal states. We would ask if intentions were good rather than looking to external effects and asking if accomplishments have been realized.

Evaluation of intentions would require knowledge of how to achieve justice (or other ultimate goals) because it would then be appropriate that good motives be distinguished from bad motives just as good results are differentiated from bad results. If intent were equivalent to accomplishment, good motives always would be the harbinger of good deeds.

President Jimmy Carter's presentation of his energy program illustrates the contemporary importance of good motives and conscious intent. Conscious emphasis on good motives is evident from his reiteration of the theme that the burden of conservation and cost would be shared fairly under his programs. After the Organization of Petroleum Exporting Countries (OPEC) raised the price of oil many times over, the federal government, to prevent precipitous price increases in the United States, controlled the price of old oil at less than half its price abroad. Now one way to encourage conservation is to let the domestic price of crude oil rise to the price it would bring if sold abroad. If oil were valued within the United States at the international price, motorists, homeowners, industrialists, indeed, all consumers of oil would take steps to reduce consumption, or switch to alternatives if that made sense. But the solution has two fatal flaws. For one thing, oil companies would profit by selling their old oil at new prices, widely considered unfair; for another, unseen hands—namely, market prices—would be determining what America would do.

On the surface, President Carter's oil policy appeared anomalous: old domestic crude remained price controlled while—on top of this subsidy to bring the price down—a substantial tax on oil was recommended, a tax that would, in effect, bring the domestic price up to the international price. What's the difference between letting the market set the price and setting a similar price by taxes? Nothing and everything: nothing in that the economic consequences are equivalent; everything in that when the government sets the price it is acting with conscious intent rather than appearing to give way to impersonal forces. Instead of letting the oil companies make money and taxing it away afterward, the government gets its share first. The important thing for us to understand from this example is the two ways in which decisions are made: interaction among people or intellectual determination of what would be just and effective.

Here is the distinction we have been seeking between intellectual and interactive modes of analysis—between analysis as an intellectual construct and analysis as a product of social interaction of which thought is but a part. If analysis is a social phenomenon, based on interaction among interests, then analysis must stem from a variety of motivations, not all of which are necessarily good. Nor, without knowledge of means and ends—what is good for man and how to achieve it—would it be either desirable or possible to completely control man's motives and aspirations or make them equivalent. But contingency is a condition of life. Only if analysis were solely a product of the mind and that mind knew the difference between good and evil and could therefore integrate motives and aspirations, could policy be judged by intention rather than execution.

Planning and Politics

Let us call analysis as an intellectual construct "pure planning" and analysis as social interaction "pure politics" or hereafter, in short, planning and politics. Here planning is defined as current action to secure future consequences; the more future consequences planners control, the better they have planned.[3] Planning, therefore, requires causal knowledge theories of society to predict the paths of the complex sequences of desired actions and power to sustain this effort. Once conflict is admitted over whose preferences are to prevail (there being ineradicable differences between the needs, wants, desires, and hence preferences of people), comprehensive national economic and social planning fails either from intellectual presumption or political persuasion. Planners do not have adequate knowledge or power. The more planning fails to secure intended results, the more it tries to become relevant by accommodating itself to social forces. Consequently, by shortening time horizons (annual plans), by reducing the need for prediction (adaptive planning), and by limiting coercion (indicative plans, which merely point the way), planning becomes indistinguishable from whatever means of decision it was meant to supplant.

Planning

Suppose, however, to sharpen the contrast, we say planning does have perfect knowledge and power in a context without conflict and thus deserves its new nametag, "pure planning." With compatible (indeed, mutually supportive) desires and preferences, there could be right or wrong solutions to all problems. Reason would reign supreme. Decisions would be made as if a single mind were supporting a single set of preferences. Nor would there be need for error correction because, with knowledge, there would be no error. Dissent would either be unnecessary, in the absence of conflict, or uncalled for, because the Grand Planners would know what is right; acting in the common interest, their motives are above suspicion. Hence, also, there would be no need to hedge them about with restrictions on term of office or extent of authority. Centralization and comprehensiveness would be valued because they are possible and desirable. Attributes that might lead to further differentiation, such as race, religion, class, ethnicity, sex, and language, would be discouraged; after all, why worry about diverse viewpoints or alternative hypotheses when there is only one right way and that is discoverable by reason? Ends do justify means. If ends are in harmony, and means are always appropriate to them, what else would justify means if not ends? To get an answer to that question, we must leave planning and turn to politics.

Politics

Politics is about preferences. The point about preferences is that they are not ultimately knowable, either by those who profess them or by those who propose to act for those who prefer them. Because there is no one source of ultimate wisdom, no one knows people's preferences better than they, themselves, do. And, hoping to learn, people reserve the right to change preferences frequently to suit their experience. Ends or objectives, therefore, are held to be provisional—to be modified by experience or to accommodate others.

> Political choice is never purely a matter of being for this program or against that policy. It is always partly a matter of being willing to compromise and adjust desires to various conflicting factions. Therefore, as soon as any group's wishes are revealed everyone else's wishes may, and indeed normally do, shift. . . . Priorities, that is, depend upon estimates of preference distributions. They may change whenever any particular set of preferences becomes known, and they never exist as entities separate and apart from their strategic possibility of enactment. Political options must always be understood to include some commitment to the decision-making process itself and to the value of agreement.[4]

The criterion of choice in planning is obvious—the one policy known to be right—but what is the correct criterion for politics? That there is no correct criterion. Does this mean that whatever is done is right? Hardly. It does mean that short of agreement no one is authoritatively able to say another alternative is better.

What takes the place of the correct criterion? An incorrect one? Not quite. Correction of error. All politicians and political institutions are considered, Martin Landau said, risky actors.[5] Power in American politics, for example, is limited in time and tenure, so that no one can impose a truth without opposition. Power is divided through the separation of powers, subdivided through federalism, and checks and balances are multiplied at every level. Conflict is desired (both to use the self-interest of one group or institution to counter the others and to refine preferences under pressure) and feared (because it may undermine the understanding that decisions will be considered acceptable, providing they get through corrective procedures giving everyone a chance to be heard, allowing parties to alternate in office, specifying due process, and so on).

The political equivalent of original sin is that men and the institutions they create are fallible if not fallacious and error-prone if not erroneous. They must be hedged with restraints, especially when they are sure they are right. It is hard to say whether criticism is valued more for its constructive aspects—making improvements—than for its destructive ones—exposing error. In practice, however, if there must be a choice, destructive criticism is preferable; procedures must be pursued in the realization that no one knows ultimate ends. All the more reason, then, to protect criticism politically. A decentralization of authority, the very untidiness of politics that contrasts with the neatness of planning, allows for alternatives rejected at one time and place to be available at others, should they have been passed over by mistake.

Politics does not consider preferences to be finally formed, as in planning, but to be undergoing continual reformulation. Personal preferences are not infallible, coming *ex cathedra,* as it were, from *homo politicus,* but they must be presentable, regarded as coming from a person who is entitled to them.

Political preferences are personal. They belong to a person (group or organization) until that person changes them. If the charge of "false consciousness" (propaganda, advertising, and indoctrination that make people mistake their true interests) merely meant that people did not realize they should have other preferences, it might be seen as just another effort at suasion. Surely, if we knew better, we might feel differently. But if false consciousness means that there are others with "true consciousness," who know what is better for us than we do, then we have been stripped of our political persona. Politics declines and planning takes over.

Comparison

Both politics and planning, at least in their modern manifestations, claim as their territory the general welfare of citizens. One shows this through interaction, the other through cogitation. The choice would seem to lie in whether one expects better or worse outcomes from intellectual or from interactive modes of decision making.

Wait a minute! Haven't I turned the usual understanding upside down? Isn't it governmental planning that is commonly considered to be social, and economic markets and pluralistic politics that are said to be individualistic? Yes, of course, but no, not necessarily. An important distinction is to be made between the *locus of decision* and the *mode of calculation.* As larger proportions of the national product are redistributed through the government, or as government owns and operates more of industry, no doubt government is an increasingly important locus of decision. Because individual citizens are not directly deciding for themselves, but through government, such decisions commonly are called collective. The locus or site or arena of decision is collective. My interest, however, is policy analysis—recognition, reformulation, and resolution of problems. Looked at as modes of calculation, markets and politics are social because they are based on interaction among many minds. Planning, by contrast, is pursued as if there were but one collective mind whose intellectual operations posed and solved problems. As suggested in Table 1, politics and markets share the same analytic style: decisions are made through social mechanisms—exchange and bargaining by many minds—aimed at correcting error and securing agreement (rather than avoidance of error and a single proper choice) and administered by reacting to the other participants rather than by sending down orders and expecting obedience. As for the style of policy analysis, appearances are deceiving: politics appears to be individual but is in fact social, whereas planning seems to be social but actually is single-minded.

If we accept this socially interactive view of markets and politics, what is one to make of common criticism that these institutions prejudice decision making? Markets accept the prevailing distribution of income when some say public policy should be designed to make it more egalitarian. Politics, others say, leads those who have less to use government as a lever for redistributing income to themselves, in effect expropriating property that doesn't belong to them. Monopolies let manipulators of markets administer prices for their own benefit, and political parties mobilize masses to monopolize government, denying minorities the medium to express their own message. Where there is agreement that these conditions (and their subsequent consequences) break the rules for decent decision making, they are regarded as imperfections in the respective arenas and institutions. Rules for regulating interaction (such as conditions for allowing monopoly or of specifying who may vote) are subject to change, both through evaluation and intervention, so as to improve interaction. Social interaction may be preferred to intellectual cogitation as a style of analysis without the need to accept only current modes. Indeed, the stress on correcting error suggests that alteration in interaction is desirable.

TABLE 1

Alternative Styles of Policy Analysis

	Social interaction	*Intellectual cogitation*
Institutions	Markets and politics	Planning
Calculations	Partial	Comprehensive
Calculators	Many minds interacting	Single-minded decision
Decision making	Exchange and bargaining	Comprehending and deciding
Error	Correction	Avoidance
Criteria	Agreement	Right
Administration	Reactions	Orders

Of course, I do not pretend that planning or politics exist in pure essence; they are ideal types, designed to display differences when they are pushed to extremes. What happens, however, if they are merged? If the reader will allow me my preference for two-thirds politics and one-third planning, this hybrid of social interaction and intellectual cogitation may be called policy analysis.

Analysis

If analysis were purely intellectual, analysts would be everything, or if analysis were purely interactive, analysts would be nothing. Are we faced, then, with a choice between mind without matter or force without foresight? No. Our task is to develop a hybrid, called policy analysis, which uses intellect to help guide rather than replace social interaction. This peculiar amalgam called policy analysis may be better understood if we ask why either pure planning or pure politics alone are unsatisfactory as modes of making collective choices.

The effects of interaction may not be visible to participants. They may have to be identified mainly through intellectual constructs, for direct observation has severe limits. When many agencies are operating numerous programs in any area of policy, which they are most of the time nowadays, it may be hard to connect acts with consequences. Efforts of agencies to act and observe what happens may be unsuccessful without theories to tell them how things are connected. Agencies can hope, of course, that if other agencies are adversely affected by these consequences, they will act to correct them. This sort of defensive action, which Lindblom calls mutual partisan adjustment, is a major rationale in favor of social interaction as a mode of decision making. Unfortunate consequences for other actors need not be predicted if those who already have suffered can take effective corrective action. Instead of having to figure out what various groups want, or will accept—as if it all had to be done in and by a single mind—policy preferences are registered directly through interaction on actual programs. Aside from whether, without analysis, anyone knows what is happening and what might be done about it, turning consequences over to others raises fundamental questions about the basis for social interaction.

A political system in which all interests are fairly represented would work differently from one in which important ones are left out or occupy a weak position. The outcomes of political processes cannot be considered apart from their design, which is an intellectual construct as well as a social fact. Outcomes may be altered not only by seeking them directly but also indirectly by redesigning interaction (who participates under what rules).

Action outside the rules (monopoly, for instance) may not be socially desirable. The classical conditions of the marketplace—competition, information, internalization of costs—must be satisfied for prices to represent optimal choices. If not, governmental intervention may be justified to restore competition, to provide as public information that which is not in the interest of any firm to supply privately, and to arrange compensation when the behavior of one party imposes burdens on another that, like pollution, cannot be alleviated through the marketplace. All these market imperfections depend upon theoretical schemes for recognition and for correction.

Dependence upon social interaction is inappropriate, moreover, when the acknowledged objective is that nothing should happen. The purpose of analysis of nuclear warfare is precisely to ensure that the main hypothesis need never be tested.[6] The trouble with experience is that one needs so much of it. The attraction of analysis is that one need not live through everything.

At first glance, the purely intellectual mode seems ideally suited to policy analysis, which seeks to bring intelligence to bear on policy. But this identity is achieved at the cost of triviality. Instead of innumerable minds, each with somewhat different perspectives, there is really only one. Instead of conflict there is consensus. Instead of problem solving, in short, there is suppression of problems. Everyone either gets what he wants, or has to want what he gets. Thought is made supreme at the expense of having anything worth thinking about.

When planning is infused with politics, however, social forces guide intelligence. The danger, of course, is that interest will overwhelm intellect. By being tied to power, intellect becomes the handmaiden of power, the excuse for inexcusable behavior. Autonomy is exalted above reciprocity. The alternative, however, is worse: when intellect alone is powerful, there can be neither autonomy, because the Great Planner is always right, nor reciprocity, because the good of all has been determined by intellect, not by interaction. My conclusion is that policy analysis makes more sense as an aid to (rather than substitute for) the politics of social interaction.

The way things stand, however, the world does not appear to be suffering from a surfeit of intelligence. Usually things work the other way around: social forces use analysis to advance as well as to understand their own interests. The task of policy analysis, therefore, is the weighty and ancient one of speaking truth to power.

For policy analysis to modify pure politics (if social interaction automatically produced social welfare there would be no need for intelligence), it must expect to lose more often than it wins. And this is as it should be. Who said analysts possess wisdom? False prophets abound now as before. Who said analysts exemplify virtue? They have interests of their own, and they are also part of social life that is suspect. And who expects social forces to give way without much travail? There is a place for the voice of experience, which says "show me!" to self-deluded theorists.

Yet there is something to be said for invoking intelligence. Aside from the small victories and larger number of defeats, analysis, not in one instance but in many, not at one time but over decades, performs a critical function. Citizens must be able to decide what is in their interest, to interpret their own experience in some way they can explain to themselves. This requires thought. When that thought leads them to reinterpret their experience so as to shift their notion of what is problematic, policy analysis, accepted as a body of thought about public policy, may be more influential than is apparent from isolated acts.

Practitioners of policy analysis seek to have it neither absorbed into social interaction nor substituted for it. Analysis supplements social interaction by using the theoretical mode to formulate and test hypotheses that can help bring precision to the judgment of decision makers. Analysis uses social interaction both to understand what is happening and to suggest how it might be altered. Studies of political feasibility, for instance, may help with the allocation of analytic time: which programs are most worth pursuing because change is possible. The purpose of studying feasibility, however, is not to equate the feasible with the desirable but may also be to make the desirable do-able. Merely to say that something should be done—without saying anything about how—is an abdication of responsibility.[7] But it is one thing to notice organizational resistance to change, still another to use this understanding to help bring out necessary changes. The purpose of analysis is improvement—how to get from a worse to a better place—not to curse the fates.

If analysis is to aid judgment, it must simplify calculations. The world in the analyst's models must abstract from the overwhelming complexity of experience. Otherwise, experience itself would be a better guide. Analysis makes use of social forces to simplify calculations about preferences. The alternative would be to invent preferences and imagine interaction. To do so would be morally wrong—the people already involved are the best experts on how they feel—and intellectually obtuse—that is, to reinvent the wheel.

A difficulty with health policy—how we should seek to restrain exploding medical costs—illustrates the question of calculation because there is now no alternative to governmental regulation. One approach is to apply controls to each doctor, patient, and hospital for each service and capital cost. This form of direct regulation, covering hundreds of millions of transactions, would involve almost every person in the United States. Implementation would become intolerable. Obviously, if anyone is to understand what they are doing, the social relationships among doctors, patients and hospitals (rather than their individual transactions) have to be regulated. One alternative is to set much higher deductibles for private insurance and governmental subsidies, forcing cost consciousness on consumers. But this alternative is politically unfeasible today because most people are not willing to pay much more in direct costs for a service they believe is their due. In the long run, one might hope to persuade people to take greater responsibility for their own health. Right now, however, private solutions are not possible, nor will Americans accept a wholly governmental system by abolishing private medicine. If these interpretations are reasonable, government must move in with regulations that create incentives for the actors to consider cost as part of their everyday transactions. Hospitals might be given fixed budgets,[8] depending on the number and kinds of patients, and left to decide what mix of services should be offered. Regulating social interaction appears to be a better way of doing analysis than is minute control of mass behavior.

Here I am again appearing to accept miserable motives by founding analysis on manipulating self-interest rather than on expanding altruism. Surely, a critic would say, giving rein to brute empiricism—nudging interactions this way or that—is no substitute for a more rational and humane health policy. Have I, then, by emphasizing interaction, subordinated intellect? Is there a larger role for rationality than I have been prepared to admit? That depends on what rationality is about—intelligence, interaction, or both.

Rationality

In the world of action we know that politics and planning—social interaction and intellectual design—coexist. Problems are discovered, solved, and reformulated both by interchange among organized actors and by their efforts to guide events along paths they anticipate in their minds. Not only our thoughts but our institutions may be conceived of as attempts to increase the probability of some desired outcomes and decrease the probability of others. Once we abandon pure planning, which occurs only in the mind, or pure politics, in which action carries its own (and only) interpretation, intention commingles with interaction. What are we to make of the rationality, of the conscious design, in policy analysis?

1. Rationality is real.
2. Rationality is relative.
3. Rationality is retrospective as well as prospective.
4. Rationality is a property of politics as well as of planning.

I shall begin by arguing that politics follow the same form as planning; any differences do not reflect commonly considered components of rational choice. The substantial difference is that the norms of planning: efficiency, comprehensiveness, and others have no content, and the norms of politics: agreement, bargaining, and so on, do. Because of their inherent ambiguity, I shall argue further, objectives absent in the present are retrospectively rationalized into the past. We then act as if we once knew what we were doing and, therefore, can be trusted to know what to do next. Nor is retrospective rationalization (we act, review the effects of what we have done, and then decide what our objectives really were) necessarily a bad thing because it enables us to (re)create a past as we make a future. If rationality can be retrospective as well as prospective, then it follows that planning and politics, as they are practiced, do not differ with respect to reason.

Politics and Planning Are Equally (Ir)Rational[9]

Once human ignorance and recalcitrance are reintroduced into planning and unlimited knowledge and power are taken away, so that planning has to cope with politics, planners must revise what they do in order to take account of events they can neither predict nor control. When planning is placed amid continual adjustment to a changing world, it becomes hard to distinguish from any other method of decision. By making planning reasonable we render it inseparable from the techniques of decision it was designed to supplant. One plans the way one governs; one does the best possible at the time hoping that future information will make for improvement as circumstances change. Some call this adaptive planning; others call it muddling through. Under the criteria of adaptation, almost any way of making decisions in a social context can be considered to be planning.[10] One cannot, for instance, discuss democracy for long without using the words goal, alternative, appraisal, objective, which are at the heart of almost any contemporary definition of planning.

May electoral democracy then be considered a mode of planning? The United States does not seek to achieve goals stated in a national plan. Yet that does not mean the country has no goals for its decision makers to aim at. There are institutions—the Federal Reserve Board, Council of Economic Advisers, Office of Management and Budget, congressional committees, among many—whose task is to find goals and policies that embody these goals. Specific pieces of legislation are dedicated to full employment, ending or mitigating the effects of pollution, building highways, expanding recreational opportunities, improving agricultural productivity, on and on. When goals conflict, new decisions must be made on how much of each to try to achieve. Moreover, these goals are related to ultimate objectives. The Preamble to the Constitution states national goals, and the body presents an institutional plan for achieving them. The government of the United States seeks to achieve domestic prosperity and to protect its interest overseas; while these broad objectives remain constant the intermediate goals change in response to forces in society.

West Churchman (in *The Systems Approach*)[11] postulates that planning has to do with multi-stage decision making and "hence it must study (1) a decision maker who (2) chooses among alternative courses of action in order to reach (3) certain first-stage goals, which lead to (4) other-stage objectives." It is easy to parallel this model for electoral democracy as the operation of (1) the electorate which (2) chooses from a group of candidates in order to reach (3) certain first-stage goals, which lead to (4) the implicit goals of the society at large. Table 2 illustrates more thoroughly the parallels between models of the planning system and the electoral system. Please notice the close correspondence not only between the broad outlines of the two systems, but also between the components that comprise the system.

Similar comparisons could be made between the system of planning and that of legislation and administration. Consider a recent description of how public policy is made: "Generically, one can identify at least six different steps in the process of making government policy—publicizing a problem, initiating a search for a solution, evaluating alternative solutions, choosing a solution or a combination of solutions, implementing the measures decided upon, and finally, evaluating the consequences of a measure."[12] At this level of description there appears to be no significant difference between the United States (and almost any other government, for that matter) and societies that engage in planning.

In reality, planning is not defended for what it accomplishes but for what it symbolizes—rationality. Planning is conceived to be the way in which intelligence is applied to social problems. The efforts of planners are presumably better than other people's because they result in policy proposals that are systematic, efficient, coordinated, and consistent. Words like these convey the superiority of planning, and the virtue of planning is that it embodies universal criteria of rational choice.

The Imperatives

Key words appear over and over: planning is good because it is *systematic* rather than random, *efficient* rather than wasteful, *coordinated* rather than helter-skelter, *consistent* rather than contradictory, and above all, *rational* rather than unreasonable. For deeper understanding of why planning is preferred, consider these norms as instructions to decision makers, observing what they do.

TABLE 2[13]

The planning system (PS)	*The electoral democratic system*
Program 1: Legitimacy	Program 1: Legitimacy
Relationship between the planning system (PS) and the decision makers	Relationship between the constitution, etc, and the electorate
(a) Justification (why the PS should exist and its role)	(a) Justification (why democracy should exist and its role)
(b) Staffing the PS and establishing responsibility and authority	(b) Designing the institutions of democracy and establishing responsibility and authority
(c) The communication subsystem	(c) The communication subsystem
(1) Persuasion (selling the PS)	(1) Persuasion (e.g., the Federalist, etc.)
(2) Mutual education	(2) Public schools and media
(3) Politics identifying and changing the power structure of the organization	(3) Politics (constitutional amendments, judiciary)
(d) Implementation (installing the plan)	(d) Implementation (setting up the institutions and operating them)
Program 2: Analysis	Program 2: Analysis
Measurement (identification, classification, prediction, etc.)	Measurement (identification, classification, prediction, etc.)
(a) Identifying the decision makers, and customers of the larger system	(a) Identifying interest groups, setting the franchise, etc.
(b) Discovering and inventing the alternatives	(b) Selecting candidates for office
(c) Identifying the first-stage goals	(c) Identifying and lobbying for first-stage goals and policies
(d) Identifying the ultimate objectives	(d) Identifying the ultimate aims of society (e.g., Goal for Americans, Bill of Rights, etc.)
(e) Measuring the effectiveness of each alternative for each first stage goal	(e) Assessing the candidate and his policy platform
(f) Measuring the effectiveness of each first-stage goal for ultimate objectives	(f) Assessing the effectiveness of policies for ultimate objectives (e.g., the Vietnam war as protecting democracy)
(g) Estimating the optimal alternative	(g) Voting for the candidates of one's choice
Program 3: Testing *(verifying the plan)*	Program 3: Testing *(does the democracy work?)*
(a) Simulation and parallel testing	(a) Comparison with other nations, self-appraisal by the citizenry
(b) Controlling the plan once implemented	(b) Checks and balances, news media, public debate, the opposition

Table adapted from student paper by Owen McShane

System

What does it mean to say that decisions should be made in a systematic manner? A word like "careful" will not do because planners cannot be presumed to be more careful than other people. Perhaps "orderly" is better; it implies a checklist of items to be taken into account, but anyone can make a list. "Systematic" as a designation implies further that one knows the right variables in the correct order to put into the list, and can specify their relationships. The essential meaning of systematic, therefore, is having qualities of a system—that is, a series of variables whose interactions are known and whose outputs can be predicted from knowledge of their inputs. System is another word for theory or model, a device explaining and predicting events in the real world in a way that permits manipulation.[14] To say that one is being systematic, consequently, implies that one has causal knowledge, whether one does or does not.

Efficiency

Modern man has a deeply rooted belief that objectives should be attained at the lowest cost. Who can quarrel with that? But technical efficiency should never be considered in a vacuum. It does not tell you where to go, but only that you should arrive there (or go part of the way) with the least effort. The great questions are: efficiency for whom and for what? Some goals (destroying other nations in nuclear war, decreasing the living standards of the poverty-stricken in order to benefit the wealthy) one does not wish achieved at all, let alone efficiently. Efficiency, therefore, raises once more the prior question of objectives.

Stress on efficiency assumes agreed-upon objectives. Knowledge of the general welfare, to which the plan is supposed to contribute, turns out to be one of its major assumptions. Without this knowledge, planners would have no legitimacy to tell others what part they should play in this grand scheme.

Coordination

Coordination is one of the golden words of our time. Offhand, I can think of no way in which the word is used that implies disapproval. Policies should be coordinated; they should not run every which way. No one wants his child described as uncoordinated. Many of the world's ills are attributed to lack of coordination in government.

But what does it mean? Policies should be mutually supportive rather than contradictory. People should not work at cross-purposes. Participants in any activity should contribute to a common purpose at the appropriate time and in the right amount to achieve coordination. A should facilitate B in order to achieve C. From this intuitive sense of coordination four important (and possibly contradictory) meanings can be derived.

If there is a common objective, then efficiency requires that it be achieved with the smallest input of resources. When these resources are supplied by a number of actors (hence the need for coordination), they must all contribute their proper share at the correct time. If their actions turn out to be efficient, it means they contributed just what they should have, no more, no less.

Coordination then equals efficiency, which is highly prized because achieving it means avoiding bad things: duplication, overlapping, and redundancy. These are bad because they result in unnecessary effort, expending resources that might be used more effectively for other purposes. But now we complicate matters by introducing another criterion that is (for good reason) much less talked about when planning is discussed. I refer to reliability, the probability that a function will be performed. Heretofore we have assumed that reliability was subsumed in the definition of efficiency. It has been discussed as if the policy in mind had to work only once. Yet we all know that major problems of designing policies can depend on the need to have them go on working at a set level of reliability. For this reason, as Martin Landau brilliantly demonstrates, redundancy is built into most human enterprises.[15] We ensure against failure by having adequate reserves and by creating several mechanisms to perform a task in the event one should fail. Telling us simply to avoid duplication, therefore, gives us no useful instruction. We need to know how much and what kind of redundancy to build into our programs. To coordinate one must be able to get others to do things they do not want to do. Participants in a common enterprise may act in a contradictory fashion because of ignorance. But when shown how they fit into the scheme of things, they can generally be expected to behave properly. If we moderate the assumption that a common purpose is involved, however, and admit the possibility (indeed the likelihood of conflict over goals, then coordination becomes another word for coercion. Because actors A and B disagree with goal C, they can be coordinated only by being told what to do, and then doing it. Coordination then becomes a form of coercion.

When bureaucrats tell one another to coordinate a policy, they mean that it should be cleared with other official participants who have some stake in the matter. This is a way of sharing the blame if things go wrong (each initial on the documents being another hostage against retribution). Because they cannot be coerced, their consent must be obtained. Bargaining has to take place to reconcile the differences; thus the policy may be modified, even at the cost of compromising its original purpose. In this sense coordination is another word for consent.

Coordination means achieving efficiency and reliability, consent and coercion. Telling other people to achieve coordination, therefore, does not tell them whether to coerce or bargain or stipulate what mixture of efficiency and reliability to attempt. An apt illustration is "consistency."

Consistency

Do not run in all directions at once. Consistency may be conceived of as vertical (over a series of periods extending into the future) or horizontal (at a moment in time). Vertical consistency requires that the same policy be pursued for a time, horizontal consistency that it mesh with others at the same time. The former requires continuity of a powerful regime able to enforce its preferences; the latter, tremendous knowledge of how policies affect one another. These are demanding prerequisites. One requires rigidity to ensure continuity, the other, flexibility to achieve accommodation with other policies. Be firm, be pliant, are hard directions to follow simultaneously.

The divergent directions implied suggest that the virtue of consistency should not be taken for granted. It may well be desirable to pursue one task with energy and devotion but it may also prove valuable to hedge one's bets. Consistency secures a higher payoff for success but also imposes a steeper penalty for failure. If several divergent policies are being pursued in the same area they may interfere with each other but the chance may be greater that one will succeed. Like other admonitions, this one, "Be consistent" has its opposing proverb "Don't put all your eggs in one basket."

Consistency is not wholly compatible with adaptation. Although it may be desirable to pursue a steady course, it is also prudent to adapt to changing circumstances. There is the model of the unchanging objective pursued along numerous detours and tactical retreats but never abandoned and ultimately achieved. There is also the model of learning in which experience leads men to alter their objectives as well as the means of attaining them. They may come to believe the cost is too high or they may learn they prefer a different outcome. Apparent inconsistency may turn out to be a change in objectives. If both means and ends, policies and objectives, are changing simultaneously, consistency may turn out to be a will o' the wisp that eludes one's grasp.[16]

The resulting inconsistency may not matter so much, however, as long as alternative courses of action are thoroughly examined at each point of decision from this follows the usual advice to consider alternatives. Which ones? How many? Answers here depend on the inventiveness of planners, the acknowledged constraints, and the resources (in time, talent, and money) that can be spent on each. Though it used to be popular to say that all alternatives should be compared systematically, it has become evident that this method will not work. Knowledge is lacking and the cost is too high. The more diverse the society, by religion, race, class, region, the broader the span of alternatives likely to be considered and the more difficult it will be to secure agreement about their desirability. The number of alternatives considered should be infinite if the dimensions of the problem (such as time, money, skill, and size) are continuous.

Let us suppose that only a small number of alternatives will be considered. Which among the many should receive attention? Unfortunately no rules are written to tell us when to intervene in which possible decisions and how much time to devote to each.

We have gone a long way from the simple advice to consider alternatives. Now we know that this command does not tell anyone which decisions should interest him, how many alternatives he should consider, how much time and attention to devote to them, or whether he knows enough to make the whole enterprise worthwhile. To say that alternatives should be considered is to suggest that something better must exist without being able to isolate it.

Rationality

If rationality means achieving one's goals in the optimal way, it refers here to technical efficiency, the principle of least effort. Paul Diesing argues,[17] however, that one can conceive of several levels of rationality for different aspects of society: the rationality of legal norms and of social structures; political rationality, which affects the maintenance of structures for decision; and economic rationality, devoted to increasing national wealth.

Strict economic rationality means getting the most national income out of an investment. The end is to increase real gross national product (GNP), no matter who receives it; the means is an investment expenditure, no matter who pays for it. To be economically rational is to increase growth to its maximum. What is good for the political system, however, may not be good for the economy and vice versa. The political effects of raising national income may differ according to who gets the increase or whether this increase strengthens or weakens governmental institutions. An analysis of public policy that does not consider incompatibilities among the different realms of rationality is bound to be partial and misleading.

Rationality is used also in the broader sense of reason. The rational man has goals that he tries to achieve by being systematic, efficient, consistent, and so on. Because rationality in the sense of reason has no independent meaning, it can have only such validity as imparted by the criteria that tell us what reasonable action is about. The injunction to plan (Think!) is empty. The key terms associated with it are proverbs or platitudes. Pursue goals! Consider alternatives! Obtain knowledge! Exercise power! Obtain consent! Or be flexible but do not alter your course. These imperatives have a noncontroversial ring to them, in part because they contain no operational guidance.

"Retrospection"

By "rational," it should now be clear, we mean something like intended, designed, or purposeful. Something happens because it is supposed to. Rational behavior is action appropriately calculated to achieve a desired state of affairs. Yet we have seen that this definition is so broad it readily fits the disjunctive and disorderly world of politics. So-called norms of rationality, moreover, are devoid of content in that they do not tell anyone what to choose. No doubt the difficulty lies in confusing the wrongly reasonable—specifying alternatives, comparing them, and so on—with the really rational—securing intended results, with all that is implied of knowledge and power. Instead of analysis connecting instruments of policy to its objectives, we are offered criteria of what would constitute rationality on the supposition that actions embodying them will prove efficacious. Instead of devices for correcting errors, we get norms alleged to be errorless. In a way, this self-protective behavior is not surprising: why risk failure—which lies in comparing intentions with results—when one cannot ever fail if the success of a norm lies in its form?

Herbert Simon has made a valiant effort to save rationality.[18] By introducing "bounded rationality," Simon argues that people are intendedly rational, their behavior is goal-directed but, because their ability to calculate is limited and the world is complex, they do less well than they would like. Human rationality being bounded, people who would like to maximize end up "satis*fic*ing," that is, being satisfied with a solution sufficient to get them past the present decision. With this, I have no quarrel. Rationality is treated as a relationship between means and ends, which, because of human limitations, is necessarily circumscribed. There is, in a word, a little rationality, though not a whole lot.

Intention and Inference

For present purposes, however, I would like to open up the question of intention: what do rational actors intend to do? Move toward their goals. But in what direction? How can we be goal-directed if we don't know what our goal is until we get there?

We are able to choose as we go along, so that we have the opportunity to choose objectives not only before we act but afterward, too. Actions are undertaken; along the way they intersect others, which together cause consequences—some of which may be attributed to what has just been done, others which belong to external causes, still others which are unexplained. This multiplicity and ambiguity may be used selectively to make the objectives we attribute to the past serve our aims for the future.

Any action can be related to a number of possible objectives. When the number of hospital beds is curtailed it may be related to reducing costs, decreasing unnecessary surgery, increasing income for doctors and hospitals, increasing control over the mix of surgical procedures, or improving the quality of care. The meaning of an act does not necessarily inhere in it like a sign naming a railway station; it must be inferred. This inference can take place only after the act—and numerous others related to it—are safely in the past. At that time there is no single self-evident "there there" for goal direction. It is possible always to invoke a number of possible goals as connected to the action. No one need be surprised, therefore, at retrospective rationalization, which is done to increase the coherence of past actions. We make sense of our past by considering future needs. The multiple potential in each act gives us opportunities, not only before we act but also after, when we know more about how to present ourselves and our objectives.

Karl Weick, whose theorizing has helped me make sense of organizational objectives, holds:

> Rationality seems better understood as a post-decision rather than a pre-decision occurrence. Rationality makes sense of what has been, not what will be. It is a process of justification in which past deeds are made to appear sensible to the actor himself and to those other persons to whom he feels accountable. It is difficult for a person to be rational if he does not know precisely what it is that he must be rational about. He can create rationality only when he has available some set of actions which can be viewed in several ways. It is possible for actors to make elaborate, detailed statements of their plans. However, the error comes if we assume that these plans then control their behavior. If we watch closely, it will become clear that the behavior is under the control of more determinants than just the vocally stated plan. And at the conclusion of actions, it will never be true that the plan as first stated will have been exactly accomplished. But something will have been accomplished, and it is this something, and the making sense of this something, that constitute rationality.[19]

All is not lost. Once we recognize that rationality has much in common with "rationalization," it may yet be saved. Rationality is like a rocker that goes both forward and back; it tries by intention and is saved by rationalization. One acts first and makes sense of it later. We rewrite history from present motives. By attributing new motivational meaning to what we have done, we try to learn what we ought to be doing. We get three strikes before we're out, the first by acting in the present, the second by interpreting the past into the present, and the third by imagining the future as if it had occurred already so that we can correct and control it before it happens. Is this, one wonders, an example of creativity or of hypocrisy?

Retrospective Rationalization

The word "rationalize" or "rationalization" has at least two distinct meanings. One, according to Webster, is "to make conformable to principles satisfactory to reason." Here the question is whether reason resides in form or in function, in procedures or in consequences. The other meaning is deceitful: "To attribute (one's actions) to rational and creditable motives without adequate analysis of the true motives." Obviously, if I meant deceit, I should have said so. A word is needed that expresses our ability to make what we have done conform to reason as we understand it after we have acted. "Rationalization" has that meaning.

The word "rationalization" is often modified by "mere" as if it were only a poor excuse disconnected from real motivations. To rationalize, however, carries also the connotation of relating apparently disparate elements of behavior so as to make sense of them after, as well as before, we act. In this way, retrospective rationalization (hereinafter called "retrospection") is essential in policy analysis.

Retrospection is a method of incorporating the past into the present that we wish to become our future. For as the times change so also do the values we wish to turn into future objectives. Why, it is these very objectives, retrospection tells us, that we have been pursuing all along—dormant, asleep but still alive, immanent in our acts, ready for resurrection. Retrospection links what we now think we should do with what we ought to have done. Rationalization allows us to reformulate our problems without rejecting our past. If we want to act as analysts in prospect, we must also be able to make sense of our public lives in retrospect.

When social scientists speak of goal-directed behavior they mean that they try to understand and predict behavior as if it were geared to securing this or that objective. This is the origin of maximization models. Thus one speaks of maximizing sales or profits or budgets or survival or whatever. A successful prediction or explanation, however success is defined, does not mean that the true motive was discerned but only that the behavior produced in the model was similar to that observed in the world. Without a good fit between the model and observed behavior, that model must be reformulated (retrofitted, engineers say) to do better. Other objectives must now be introduced to produce a better fit. What is this but a retrospection of results?

Two stories, one far away in Nepal and the other near in the United States will show the potential of retrospection. Years ago in Nepal, I observed that bureaucrats in the field were reluctant to spend governmental funds allotted to them. Underspending authorized amounts was a major difficulty. Because studies of budgeting follow the desire of agencies to spend (often they are called spending agencies), I thought the difficulty could not lie with bad bureaucrats who, engaged in repetitive activities, must know what they are about, but with simple social scientists who assumed the wrong motivation. Investigation revealed that in the old regime of the Rana Prime Ministers, budgetary authorizations required numerous rules for proper accounting, which, if not punctiliously met, resulted in a fine of seven times the amount in question. Caution in spending was plainly advisable. Often, in the ordinary course of events, it is difficult to determine what is or is not correct accounting. Suppose a tractor was called from its home station to a farm and broke down there. Who was responsible for the repair, the station or the farm? Only if officials had connections, with the protection this implies, would they risk taking responsibility for the expenditure. Hence the tractor would remain unrepaired for months or years until higher authorities removed the risk by assigning accounting responsibility for repair.[20]

Was spending a bureaucratic objective or wasn't it? Yes, it was—but not the only one. Spending was an objective until it ran afoul of risk. It became possible to reformulate the problem from irrationality among field bureaucrats to inappropriate incentives applied by the government. It turned out further that the king and his advisors did not want to solve the problem as formulated, because their spending was tied to an even stronger objective—preventing unauthorized expenditure. How did they resolve this duality? In the usual way: they pressed alternatively on each front (one year spending and the next, accounting) without ever resolving the tension. Was their behavior rational? It depends on which motive you are willing to assign them at what time. Whenever the powers that be want to change, they will be able to choose what their objectives were as well as what they will be.

President Carter said the nation had a physical shortage of oil and that, therefore, the American people must support policies requiring sacrifice. Informed opinion was not agreed about the truth of such a shortage nor will we decide that here. Let us, instead, ask about the consequences of deciding after the fact that there had or had not been a shortage. If there was no oil shortage, there was little rationale for asking people to conserve or to pay higher taxes. If there is no shortage, why are prices so high? Either American oil companies are profiteering, which calls for attacks on them, or the foreign oil cartel, OPEC, is price gouging, which calls for an attack on it. Both approaches are unsatisfactory for a president who wishes to show that he is peaceful abroad and a protector of private enterprise at home. If, however, it could be argued that the world would run out of petroleum, the preferences of ecologists (who want less use for the environment's sake) and of business (which wants less use for cost's sake) could be reconciled under a motif of national unity. By making the one essential to the other, President Carter was trying retrospectively to rationalize the conflict between conservation and consumption. Amid massive change "Retrospection" is a bridge between experiences and future policies to maintain meaning within a recognizable universe.

Reprise

Policy analysis, as I conceive it, is about change in patterns of social interaction. How does change happen? By joining planning to politics, social interaction gives analysis a historical outlook made up of the past pattern of agreements, including agreements to disagree until next time. From the organized actors, the constituent elements of this interaction, analysis gets its abiding interest in incentives to alter their behavior. And planning helps analysis bring intelligence to interaction, by rationalizing movement to a different pattern that may lead to improved future outcomes.

The trouble with social interaction is that you don't know how it will turn out in advance. People can't be trusted to be predictable. Lord knows what they'll do next, as the saying goes, for we surely don't. Accepting the consequences of social interaction is not only hard on the nerves but may be disquieting to a sense of justice. Who ever said that the way things turn out when we bid and bargain is how they ought to be? Not I. If the decks are stacked, the dealer always wins. Enter intellect to guide behavior and motivate morality. Intellect, however, can also be imperious; it can make things turn out right by rigging the rules. By limiting aspirations to internal consistency, intellect can always plead itself innocent of contamination with consequences. So long as reason is about right rules rather than right results, it remains internally consistent and externally vacuous. How can principles of rationality be reasonable if they are not operational?

If rationality is about results, however, how are results to be judged? By relating outcomes to objectives. Yet objectives are as much produced by social interaction as by intellectual postulation. There may be disagreements about what the original objectives were. In any event, we know objectives are likely to be multiple, conflicting, and vague. A way is needed to try out objectives posthumously, so to speak, after the act or, at least, as we go along. Rationality, therefore, is as much (or more) retrospective as it is prospective. Retrospection is a species of policy midwifery through which objectives are revamped to fit new conceptions of what is problematic and hence worthy of attempted solution. Retrospection is how we change without saying so.

Of what, then, does rationality consist? If reason is reduced to intention—the launching of glorious objectives and breath-taking procedures—then the reasonable becomes irrational, productive of cruel (and possibly unusual) consequences. Rationality is a reflexive relationship between acts and consequences, either one being used to justify the other. Sometimes we seek and subsequently achieve objectives postulated in advance; at other times we learn to change objectives as we act; occasionally we examine consequences and decide these were the results we should have wanted to achieve. Thus, if rationality can be retrospective as well as prospective, it can also be interactive as well as intellectual.

Where does one find social interaction and intellectual cogitation? Everywhere and nowhere: everywhere in that they are important components of choice in designing policies; nowhere in that they do not come labeled as such like the products of a sausage machine. With or without brand labels, they are independent of us. Because these categories do not force themselves upon us, however, we see them only where we choose. Therefore, it is important to view cogitation and interaction as general phenomena, operating at different levels, which can be made manifest when convenient. Our interest extends to the institutions through which policies are made and the doctrines (ideologies, if you prefer) on which they are based as well as the policies themselves. That is why I will illustrate here the tension between interaction and cogitation within institutions (the "Bias toward Federalism" is, in fact, a rule for resolving this tension), among doctrines (opportunity costs are calculated interactively and merit wants by cogitation), and among policies as the environmentalist drama is played out in "Ritual and Rationality, Economy and Environment."

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3. Aaron Wildavsky, "If Planning Is Everything, Maybe It's Nothing," *Policy Sciences,* Vol. 4, No. 2 (June 1973), pp. 127–153.
4. Elaine Mates, "Paradox Lost—Majority Rule Regained," *Ethics,* Vol. 84, No. 1 (October 1973), p. 49
5. Martin Landau, "Federalism, Redundancy and System Reliability," from *The Federal Polity in Publius,* Vol. 3, No. 2 (1973), pp. 173–196.
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9. Aaron Wildavsky, "If Planning Is Everything, Maybe It's Nothing," *Policy Sciences,* Vol. 4, No. 2 (June 1973), pp. 127–153.
10. Imre Lakatos, "History of Science and Its Rational Reconstructions," from *Boston Studies in the Philosophy of Science* VIII, 1970; Roger C. Buck and Robert S. Cohen, eds. (Dordrecht, Holland: D. Reidel, 1970), pp. 91–136; Paul Feyerabend, *Against Method* (Atlantic Highlands, N.J.: Humanities Press, 1975); Giandomenico Majone, "Policies as Theories," paper presented at the joint European Consortium for Political Research Workshops, Louvain, 1976.
11. C. West Churchman, *The Systems Approach* (New York: Delacorte Press, 1969), p. 150.
12. Richard Rose, "The Variability of Party Government: A Theoretical and Empirical Critique," *Political Studies,* Vol. 17, No. 4 (December 1969), p. 415.
13. Aaron Wildavsky, "If Planning Is Everything, Maybe It's Nothing," *Policy Sciences,* Vol. 4, No. 2 (June 1972), pp. 127–153.
14. See David Berlinski, "Systems Analysis," *Urban Affairs Quarterly,* Vol. 7, No. 1 (September 1970), pp. 104–126.
15. Martin Laudau, "Redundancy, Rationality and the Problem of Duplication and Overlap," *Public Administration Review,* Vol. 29, No. 4 (July/August 1969), pp. 346–358.
16. It is, by the way, often difficult to know when actions are inconsistent. Leaving aside obtaining accurate information, there are serious conceptual problems. Policies often are stated in general terms that leave ample scope for varying interpretations of their intent. Ambiguity sometimes performs a valuable political function by enabling people (who might otherwise disagree if everything was made clear) to get together. There cannot then be a firm criterion against which to judge consistency. There is also the question of conflicting perspectives among actors and observers. The observers may note an apparent commitment to a certain level and type of investment and see it vitiated by diversion of funds to wage increases. To the observer this means inconsistency. The actor, however, may feel consistent in pursuing his goal of political support. Given any two policies that lead to conflicts among two values one can always find a third value by which they are reconciled. Investment seemed to bring support when it was announced, and so, subsequently, does spending for other purposes when its turn comes. The actors' values may be rephrased as "the highest possible investment so long as it does not seriously affect immediate political support." In view of the pressures to meet the needs of different people variously situated in society, most decisions undoubtedly are made on such contingent basis. This is what it means to adapt to changing circumstance. As the goals of actors shift with time, consistency becomes a moving target, difficult to hit at best, impossible to locate at worst.
17. Paul Diesing, *Reason in Society: Five Types of Decisions and Their Social Conditions* (Urbana: University of Illinois Press, 1962).
18. Herbert Simon, "Cognitive Limits on Rationality." See also the demonstration that "satisficing" is compatible with prevailing doctrines of decision making under uncertainty in M. A. H. Dempster and Aaron Wildavsky, "Yes, Virginia, There Is No Magic Size for an Increment," in *The Political Economy of Spending: A Predictive Theory in the United States Federal Budgetary Process* (in progress).
19. Karl E. Weick, *The Social Psychology of Organizing* (Reading, Mass.: Addison-Wesley, 1969), p. 38.
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American Federalism

James MacGregor Burns, J. W. Peltason,
Thomas E. Cronin, and David B. Magleby

A splendid way to guarantee a small attendance at a gathering, it is sometimes joked, is to hold a fund-raiser for a defeated candidate or schedule a meeting to discuss the merits of federalism.[1] Yet *federalism*—the constitutional division of powers between the national government and the states—is central to the workings of American government. And throughout much of the rest of the world, federalism issues are at the top of the political agenda. The very nature of Canada's federal system is at stake as the French-speaking province of Quebec demands special status and a considerable measure of autonomy.[2] The Soviet Union has changed from a highly centralized government that was federal only in form but not in fact to the Commonwealth of Independent States, a loose confederation of independent republics.

That ours is a federal system makes a lot of difference, even if we are not always aware that this is so. Almost every aspect of our lives is affected by several layers of government. Consider your college or university. About half the students are likely to be receiving some form of national or state financial assistance to help pay their tuition and fees. The institution itself is chartered by the state. Most of the funds that pay for the teachers, staff, and buildings at public institutions come from state appropriations, state bonds, private gifts encouraged by national tax laws, or a combination of national, state, and private sources. Faculty research, especially in the sciences, is likely to be supported by some combination of national, state, and private (yet tax-deductible) dollars. The conditions under which students are admitted, how their grades are posted and reported, and how faculty and staff are appointed and evaluated are subject to national and state regulations. The use of experimental animals is subject to governmental supervision, and national and state inspectors check to ensure that laboratories properly dispose of used chemicals.

Federalism was very much on the mind of Americans when our Constitution was being written. Most early Americans put at the top of their worry list a fear that governments might threaten their liberties. To them *federalism,* with its division of powers between national and state governments, promised to serve as a potent barrier against tyranny. If the newly formed national government threatened people's liberties, the states would protect them—and vice versa.

Federalism issues did not end with the founding period, though. In 1861, men and women fought and died for Virginia or Texas or for the Union (although it would be a mistake to think of the Civil War as merely a particularly heated debate over the principles of federalism). Federalism remains an important part of our political agenda, not merely in national elections but in Congress and before the courts of our land.

Today there are few doubts about the national government's constitutional authority to deal with issues affecting the nation, whether they concern civil rights, highway speed limits, or the sale of holiday lights. Nonetheless, we still argue about (1) whether Congress intended to regulate a subject completely or to leave some regulation to state discretion, and (2) whether, in the absence of congressional action, states may deal with subjects that affect commerce or people in other states.

Although couched in terms of federalism, such arguments reflect differences among various interests. The national and state governments are the arenas in which, and through which, clashes take place between consumers and producers, workers and employers, airlines and railroads, pro-choice and right-to-life advocates, progrowth and antigrowth forces, and all the other contending groups that make up our political system.

In this chapter we will begin by defining federalism and discussing its advantages and disadvantages, followed by a look at the constitutional basis of our federal system. Then we will see how the Supreme Court and political developments have shaped—and continue to shape—our modern system of federalism.

Defining Federalism

Scholars have argued and wars have been fought about what federalism really means. One scholar counted 267 definitions.[3] Federalism, as we define it, is a form of government in which a constitution distributes powers between a central government and subdivisional governments—usually called states or provinces or republics—giving to both the national government and the regional governments substantial responsibilities and powers, including the power to collect taxes and to pass and enforce laws regulating the conduct of individuals.

The mere existence of both national and state governments does not make a system federal. What is important is that a *constitution divides governmental powers between the general, or national government and the constituent governments* (called *states* in the United States), giving substantial functions to each. Neither the central nor the constituent government receives its powers from the other; both derive them from a common source—a constitution. This constitutional distribution of powers cannot be changed by the ordinary processes of legislation—for example, by an act of either a national or state legislature. Both levels of government operate through their own agents and exercise power directly over individuals. Other countries that have federal systems include Canada, Switzerland, Mexico, and Australia. "Nearly 40 percent of the world's population now lives within polities that are formally federal; another third live in polities that apply federal arrangements in some way."[4]

Constitutionally, the federal system of the United States consists of only the national government and the fifty states. "Cities are not," the Supreme Court has reminded us, "sovereign entities." But in a practical sense, we are a nation of more than 87,000 governmental units—from the national government to the school board district (see Table 1). This does not make for a tidy, efficient, easy-to-understand system; yet, as we shall see, it does have its virtues.

Alternatives to Federalism

Among the alternatives to federalism are **unitary systems** of government in which a constitution vests all governmental power in the central government. The central government, if it so chooses, may delegate authority to constituent units, but what it delegates it may take away. Britain, France, Israel, and the Philippines have a unitary form of government. In the United States, state constitutions usually create this kind of relationship between the state and its local governments.

At the other extreme are confederations in which sovereign nations by a constitutional compact create a central government but carefully *limit* the power of the central government and do not give it the power to regulate the conduct of individuals directly. The central government makes regulations for the constituent governments, but it exists and operates only at their direction. The thirteen states under the Articles of Confederation operated in this manner, as did the southern Confederacy during the Civil War (see Figure 1).

Interpretations of Federalism

Federalism is a powerful but elusive concept, leading both scholars and politicians to add adjectives that reflect their ideas about the governmental relations within a federal system.

Dual Federalism interprets the Constitution as giving a limited list of powers—primarily foreign policy and national defense—to the national government, leaving most power to sovereign states. Each level of government is dominant within its own sphere. The Supreme Court serves as the umpire between the national government and the states in case of a dispute over which government is in charge of a particular activity. During our first hundred years, dual federalism was the favored interpretation most of the time by the Supreme Court, and it is echoed in the speeches of Presidents Reagan and Bush.

Cooperative Federalism stresses federalism as a system to deliver governmental goods and services to the people and calls for cooperation among various levels of governments in "getting the job done."

Marble Cake Federalism, coined by political scientist Morton Grodzins in 1966, conceives of federalism as a marble cake in which all levels of government are involved in a variety of issues and programs, rather than a layer cake with uniform divisions between layers or levels of government. As he wrote, "There is no neat horizontal stratification. Vertical and diagonal lines almost obliterate the horizontal ones, and in some places there are unexpected whirls and imperceptible merging of colors, so that it is difficult to tell where one ends and the other begins."[a]

The New Federalism, favored by President Richard Nixon and also used by Presidents Reagan and Bush, emphasizes their view that we should return fiscal resources and management responsibilities to the states in the form of large block grants and revenue sharing, and that we should more rationally sort out functions between national and state governments.

Competitive Federalism, a term created by Thomas R. Dye, brings to the fore the fact that federalism provides us with a national government, fifty states, and thousands of other units, each competing with one another in the way in which they put together packages of services and taxes and vying with each other for the support of citizens. Applying the analogy of the marketplace, Dye emphasizes that at the state and local levels we have some choice which state and city we want "to use," just as we have choices about which automobile we wish to drive.[b]

Permissive Federalism implies that although federalism provides "a sharing of power and authority between the national and state government, the states' share rests upon the permission and permissiveness of the national government."[c]

Intergovernmental relations is a term sometimes used as a synonym for federalism, sometimes in place of it. It came into vogue among political scientists in recent decades to emphasize that Americans have more than 87,000 different units of government and that governing our nation involves more than national and state officials. This view can be seen in the Advisory Commission on Intergovernmental Relations (ACIR), created by Congress to monitor the operations of the federal system and to make recommendations for its improvement. By undertaking studies, issuing publications, and drafting bills, ACIR has become a prominent part of the "intergovernmental landscape" and federalism's advocate. Its twenty-six members, who serve two-year terms each, represent Congress, the federal executive branch, state and local governments, and the public.

[a] Morton Grodzins, "The Federal System," in *Goals for Americans: The Report of the President's Commission on National Goals* (Columbia University Press, 1960), p. 265.

[b] Thomas R. Dye, *American Federalism: Competition among Governments* (Lexington Books, 1990), pp. 13–17.

[c] Michael D. Reagan and John G. Sanzone, *The New Federalism* (Oxford University Press, 1981), p. 175.

TABLE 1

Number of Governments

States	50
Counties	3,043
Municipalities	19,296
Towns	16,666
School Districts	14,556
Special Districts	33,131
Total	86,743

Source: U.S. Deportment of Commerce, Bureau of the Census, *1992 Census of Governments.*

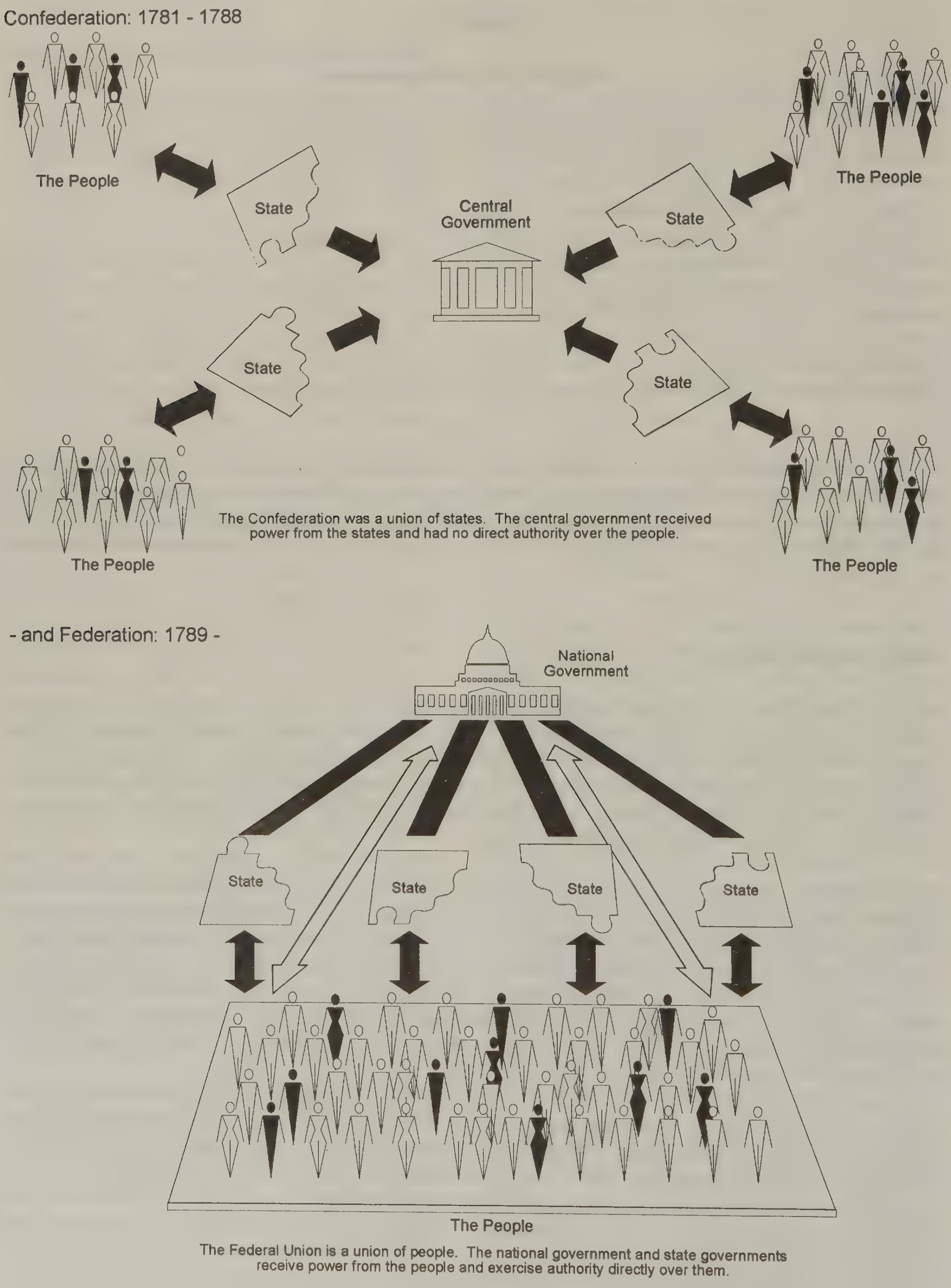
To complicate this matter, the framers of our Constitution used the term "federal" to describe what we would now call a *confederate* form of government. Moreover, today the term "federal" is frequently used as a synonym for national; people often refer to the government in Washington as "the federal government." But it is the states and the national government *together* that make up our federal system.

Why Federalism?

In 1787, federalism was an obvious choice. Confederation had been tried and found wanting, but a unitary system was out of the question. Most of the people were too deeply attached to their state governments to permit them to be subordinated to central rule. Federalism was, and still is, thought to be ideally suited to the needs of a heterogeneous people spread over a large continent, suspicious of concentrated power, and desiring unity but not uniformity. Federalism offered, and still offers, many advantages for such a people.

Federalism Checks the Growth of Tyranny. Although in the rest of the world federal forms have not been notably successful in preventing tyranny, and many unitary governments are democratic, Americans tend to associate freedom with federalism.[5] As James Madison pointed out in *The Federalist,* No. 10: If "factious leaders . . . kindle a flame within their particular states," national leaders can check the spread of the "conflagration through the other states." Moreover, when one political party loses control of the national government, it is still likely to hold office in a number of states. It can then regroup, develop new policies and new leaders, and continue to challenge the party in power at the national level.

Such diffusion of power creates its own problems. It makes it difficult for a national majority to carry out a program of action, and it permits those who control a state government to frustrate the consensus expressed through Congress and national agencies. To some of our Constitution's framers, this was an advantage. They were more fearful that a single-interest national majority might capture the national government and attempt to suppress the interests of others than they were that minority interests might frustrate the national will. Of course the size of the nation and the many interests within it are the greatest obstacles to the formation of a single-interest majority, a point often overlooked today (but emphasized by Madison in *The Federalist,* No. 10). If such a majority were to occur, having to work through a federal system would act to check its power.


Confederation: 1781 - 1788
The People
State
Central Government
State
State
State
The People
The People
The People
- and Federation: 1789 -
National Government
State
State
State
State
The People

The Confederation was a union of states. The central government received power from the states and had no direct authority over the people.

The Federal Union is a union of people. The national government and state governments receive power from the people and exercise authority directly over them.

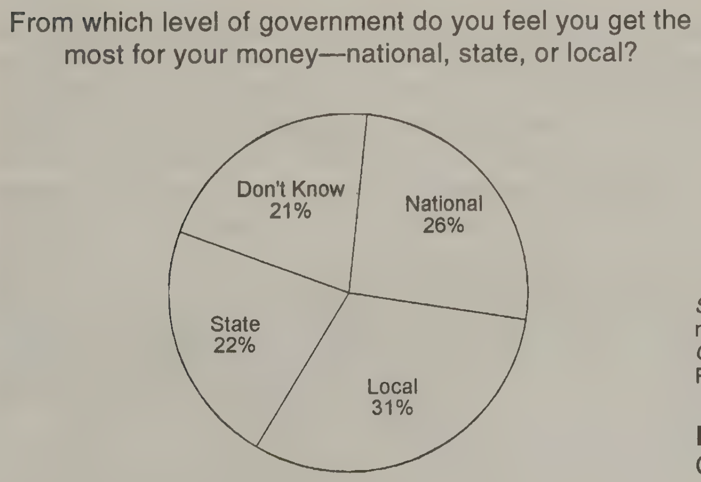
FIGURE 1. A Comparison of Confederation and Federalism

Federalism Allows Unity without Uniformity. National politicians and parties do not have to iron out every difference on every issue that divides us, whether it be divorce, gun control, capital punishment, education financing, or comparable worth. (**Comparable worth,** which mandates comparable pay for jobs requiring comparable skills, has been advanced as one way to correct pay inequities between higher-paying, male-dominated fields, such as plumbing, and lower-paying, female-dominated fields, such as teaching.) Instead, these issues are debated in state legislatures, county courthouses, and city halls.

Federalism Encourages Experimentation. Supreme Court Justice Louis Brandeis pointed out that state governments provide great laboratories for public policy experimentation. States serve as proving grounds. If they adopt programs that fail, the negative effects are limited; if programs succeed, they can be adopted by other states and by the national government. Georgia, for example, was the first state to permit 18-year-olds to vote; New York has been vigorous in its assault on water pollution; California has pioneered air pollution control programs, especially automobile emission standards. After federal leadership on environmental matters waned in the 1970s, New Jersey assumed leadership in programs to handle toxic wastes; it initiated radon gas testing and was the first state to adopt a statewide mandatory recycling law. Many states legalized abortion under certain conditions before the Supreme Court acted. (Whether this is progress or regression depends, of course, on one's values, as do so many questions of politics.) "Sunset laws" (requiring periodic reauthorization for programs), equal housing, no-fault insurance, and "lemon laws" (providing consumer protection for faulty automobiles) are other examples of programs that originated in the states. Nevada is the only state, so far, to legalize statewide gambling, but legalized gambling is now found in parts of New Jersey, Iowa, Illinois, Wisconsin, North Dakota, and South Dakota. Not all innovations are widely adopted; Nebraska is the only state, for example, to use the unicameral legislature.

The states' role as laboratories of democracy has become even more important as the federal government in the 1990s faces "fiscal and political limits . . . and as the nation confronts such matters as . . . the revolution in family life, including, for example, surrogate motherhood, test-tube babies, adoption, and care of the elderly."[6]

Federalism Keeps Government Closer to the People. By providing numerous arenas for decision making, federalism involves many people and helps keep government closer to the people. Every day thousands of Americans are at work running our governments by serving on city councils, school boards, neighborhood associations, and planning commissions. And since they are close to the issues and have firsthand knowledge of what needs to be done, they may be more responsive than the experts in Washington.



Source: Advisory Commission on Intergovernmental Relations, *Changing Public Attitudes on Governments and Taxes, 1991* (Government Printing Office, 1992), p. 7.

FIGURE 2. The Most Popular Level of Government

We should be cautious, however, about generalizing that state and local governments are necessarily "closer to the people" than the national government is. True, more people are involved in local and state politics than in national affairs, and in recent years confidence in the ability of state governments has gone up while respect for national agencies has diminished (see Figure 2.) Yet national and international affairs are often more on the minds of most people than are state or even local politics. Fewer voters participate in state elections than in congressional and presidential elections. Still, states and their local units remain an important part of the political life of those concerned with public affairs.

The Constitutional Structure of American Federalism

Dividing powers and responsibilities between the national and state governments requires thousands of court decisions, hundreds of books, and endless speeches to explain—and even then the division lacks precise definition. The formal constitutional framework of our federal system, however, may be stated relatively simply:

1. The national government has only those powers *delegated* to it by the Constitution (with one important exception of the inherent power over foreign affairs).
2. Within the scope of its operations, the national government is supreme.
3. The state governments have the powers not delegated to the central government, except those *denied* to them by the Constitution and their state constitutions.
4. Some powers are specifically denied to *both* the national and state governments; others are specifically denied *only* to the states; still others are denied *only* to the national government.

Powers of the National Government

The Constitution, chiefly in the first three articles, delegates legislative, executive, and judicial powers to the national government. In addition to these **express powers,** such as the power to appropriate funds, the Constitution delegates to Congress **implied powers,** such as the power to create banks, which may be inferred from express powers. (We will see an example when we discuss the famous case of *McCulloch v. Maryland.*) The constitutional basis for the implied powers of Congress is the **necessary and proper clause** (Article 1, Section 8, Clause 18). This clause gives Congress the right "to make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested . . . in the Government of the United States."

In the field of foreign affairs the Constitution gives the national government **inherent powers,** so that the national government has the same authority to deal with other nations as if it were the central government in a unitary system. These inherent powers do not depend on specific constitutional grants. For example, the government of the United States may acquire territory by discovery and occupation, though no specific clause in the Constitution allows such acquisition. Even if the Constitution were silent about foreign affairs, which it is not, the national government would have the right to declare war, make treaties, and appoint and receive ambassadors.

Together, these express, implied, and inherent powers create a flexible system that has allowed the Supreme Court, Congress, the president, and the people to expand the central government's powers to meet the needs of a modern industrial nation operating in a global economy. This expansion of central government functions has rested on four constitutional pillars.

National Supremacy Clause. One of the most important pillars is found in Article VI of the Constitution: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made . . . under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby; any Thing in the Constitution or Laws of any State to the Contrary notwithstanding." All officials, state as well as national, are bound by constitutional oath to support the Constitution of the United States. States may not use their reserved powers to override national policies. (This also applies to local units of government since they are agents of the states.) National laws and regulations of federal agencies *preempt* the field so that conflicting state and local rules and regulations are unenforceable.

The War Power. The national government is responsible for protecting the nation from external aggression and, when necessary, for waging war. In today's world, military strength depends not only on troops in the field but also on the ability to mobilize the nation's industrial might and to apply scientific knowledge to the tasks of defense. The national government has the power to wage war and to do what is necessary and proper to do so successfully. This means the national government has the power to do almost anything not in direct conflict with constitutional guarantees.

The Power to Regulate Interstate and Foreign Commerce. Congressional authority extends to all commerce that affects more than one state and to all those activities, wherever they exist or whatever their nature, whose control Congress decides is necessary and proper to regulate interstate and foreign commerce. *Commerce* includes the production, buying, selling, renting, and transporting of goods, services, and properties.[7] The **commerce clause**—Article 1, Section 8, Clause 3—packs a tremendous constitutional punch: it gives Congress the power "to regulate commerce with foreign Nations, and among the several States, and with the Indian Tribes." In these few words the national government has been able to find constitutional justification for regulating a wide range of human activity including agriculture, transportation, finance, product safety, labor relations, and the workplace. Few, if any, aspects of our economy today affect commerce in only one state and are thus outside the scope of the national government's constitutional authority.

The commerce clause can also be used to sustain legislation that goes beyond commercial matters. When the Supreme Court upheld the 1964 Civil Rights Act forbidding discrimination because of race, religion, or national origin in places of public accommodation, it said: "Congress's action in removing the disruptive effect which it found racial discrimination has on interstate travel is not invalidated because Congress was also legislating against what it considers to be moral wrongs." Discrimination restricts the flow of interstate commerce; interstate commerce was being used to support discrimination; therefore, Congress could legislate against the discrimination. Moreover, the law could be applied even to local places of public accommodation because local incidents of discrimination have a substantial and harmful impact on interstate commerce. "If it is interstate commerce that feels the pinch, it does not matter how local the operation that applies the squeeze."[8]

The Power to Tax and Spend. Congress lacks constitutional authority to pass laws solely on the ground that they will promote the general welfare, but it may raise taxes and spend money for this purpose. This distinction between *legislating* and *appropriating* makes little difference most of the time. Congress, for example, lacks constitutional power to regulate education or agriculture directly, yet it does have the power to appropriate money to support education or to pay farmers subsidies. By attaching conditions to its grants of money, Congress may thus regulate what it cannot directly control by law.

When Congress puts up the money, it determines how the money will be spent. By withholding or threatening to withhold funds, the national government can influence—or control—state operations and regulate individual conduct. For example, Congress has stipulated that federal funds should be withdrawn from any program in which any person is denied benefits because of race, color, or national origin; subsequently the categories of sex and physical handicap were added. Congress has also used its power of the purse to force states to raise the drinking age to 21 by tying such a condition to federal dollars for highways.

Congress frequently requires states to do certain things—for example, provide services to indigent mothers, take action to clean up the air and water—or else Congress will take away federal funds or impose even more stringent federal regulations. These requirements are called **federal mandates.** Congress often does not supply the funds required to carry out these mandates.

These four constitutional pillars—the national supremacy clause, the war power, the power over interstate commerce, and, most especially, the power to tax and spend for the general welfare—have permitted a tremendous expansion of federal functions.

Powers of the States

The Constitution reserves for the states all powers not granted to the national government, subject only to the limitations of the Constitution. Powers not given *exclusively* to the national government, by provision of the Constitution or by judicial interpretation, may be *concurrently* exercised by the states, as long as there is no conflict with national law. Each state has **concurrent powers** with the national government, such as the power to levy taxes and regulate commerce internal to each state (see Table 2).

Precisely how federalism limits the states' taxing powers is neither simple to explain nor simple to understand. In general, a state may levy a tax on the same item as the national government, but a state cannot, by a tax, "unduly burden" commerce among the states, or interfere with a function of the national government, or complicate the operation of a national law, or abridge the terms of a treaty of the United States. Who decides whether a state tax is an "undue burden" on a national function or commerce among the states? Ultimately, the Supreme Court decides.

Federalism issues are even more complicated when states act to protect the environment and the public health and well-being. When Congress has not preempted the field, states may even

TABLE 2

The Federal Division of Powers

Types of Powers Delegated to the National Government	Powers Reserved to the States	Some Concurrent Powers Shared by the National and State Governments
• Express powers stated in Constitution	• To create a republican form of government	• To tax citizens and businesses
• Implied powers that may be inferred from express powers	• To charter local governments	• To borrow and spend money
		• To establish courts
	• To conduct elections	• To pass and enforce laws
• Inherent powers that allow nation to present a united front to foreign powers	• To exercise all powers not delegated to the national government or denied to the states by the Constitution	• To protect civil rights

regulate interstate businesses, provided these regulations do not cover matters requiring uniform national treatment or unduly burdening interstate commerce. Who decides what matters require uniform national treatment or what actions might place an undue burden on interstate commerce? Congress does, subject to final review by the Supreme Court. When Congress is silent or does not clearly state its intentions, courts, ultimately the Supreme Court, decide if there is a conflict with the national Constitution or if there has been federal preemption by law or regulation.

Constitutional Limits and Obligations

To make federalism work, the Constitution imposes certain restraints on both the national and the state governments. States are prohibited from:

1. Making treaties with foreign governments
2. Authorizing private persons to prey on the shipping and commerce of other nations—what the Constitution refers to as granting letters of marque and reprisal, a practice common during times of war in the eighteenth century
3. Coining money, issuing bills of credit, or making anything but gold and silver coin a tender in payment of debts

Nor may states without the consent of Congress:

1. Tax imports or exports
2. Tax foreign ships
3. Keep troops or ships in time of peace (except the state militia, now called the National Guard)
4. Enter into compacts with other states or foreign nations that "tend to increase the political power in the States, which may encroach upon or interfere"[9] with the supremacy of the national government
5. Engage in war, unless invaded or in such imminent danger as will not admit of delay (Of course, an invasion of one state would be an invasion of the United States itself.)

The national government, in turn, is required by the Constitution to refrain from exercising its powers, especially its powers to tax and to regulate interstate commerce, in such a way as to interfere substantially with the states' ability to perform their responsibilities. Making this

Secessionism Lives On: A Fifty-First State?

Secession—an effort by a local region to break away from the parent state—recurs periodically in American and world history. England fought an unsuccessful war to prevent the 13 colonies from forming an independent nation. The United States waged the Civil War to prevent secession by the southern states. And the Soviet Union dissolved recently after failing to hold its member republics together.

In 1992 the citizens of southwestern Kansas authorized a constitutional convention to withdraw from Kansas and form the fifty-first state. In past years citizens of Alaska, Nantucket, Virginia, Nebraska, Colorado, and California have also made unsuccessful attempts to secede.

Source: Adopted from Kate Miniclier, "Irate Taxpayers Seek Secession from Kansas," *Denver Post*, April 19, 1992.

generalization about how the principles of federalism limit national powers is easier than citing modern-day examples of the Supreme Court's striking down actions of the national government because they interfere with state sovereignty. Today, whatever protection states have comes from the political process—in restraints that our system provides because individuals elected from the states participate in the decisions of Congress—rather than from judicially enforced limitations.[10]

The Constitution also requires the national government to guarantee to each state a *republican form of government.* The framers used this term to distinguish a republic from a monarchy, on the one side, and from a pure, direct democracy, on the other. Congress, not the courts, enforces this guarantee and determines what is or is not a republican form of government. By permitting the congressional delegation of a state to take its seat in Congress, Congress, in effect, acknowledges that the state has the republican form of government guaranteed by the Constitution.

In addition, the national government is obliged by the Constitution to protect states against *domestic insurrection.* Congress has delegated to the president the authority to dispatch troops to put down such insurrections when so requested by the proper state authorities. If there are contesting state authorities, the president decides which ones are the proper ones.[11] The president does not have to wait, however, for a request from state authorities to send federal troops into a state to enforce federal laws. Today it is hard to imagine a situation of domestic insurrection against a state that would not also involve federal laws.

Horizontal Federalism: Interstate Relations

Three clauses in the Constitution, taken from the Articles of Confederation, require states to give full faith and credit to one another's public acts, records, and judicial proceedings; to extend to one another's citizens the privileges and immunities of their own citizens; and to return persons who are fleeing from justice.

Full Faith and credit. The **full faith and credit clause** (Article IV, Section 1), one of the more technical provisions of the Constitution, requires that state courts enforce the civil judgments of the courts of other states and accept their public records and acts as valid. (It does not require states to enforce the criminal laws of other states; in most cases, for one state to enforce the criminal laws of another would be unconstitutional.) The clause applies especially to noncriminal judicial proceedings, such as enforcement of judicial settlements and court awards.

Interstate Privileges and Immunities. Under Article IV, Section 2, states must extend to citizens of other states the privileges and immunities granted to their own citizens, including the protection of the laws, the right to engage in peaceful occupations, access to the courts, and freedom from discriminatory taxes. Further, because of this clause, states may not impose unreasonable *durational residency* requirements, that is, withhold rights to American citizens who have recently moved to the state and thereby have become citizens of that state. For example, a state may not set unreasonable time limits to withhold state-funded medical benefits from new citizens or to keep them from voting. How long a residency requirement may a state impose? A day seems about as long as the Court will tolerate to withhold welfare payments or medical care, fifty days or so for voting privileges, and one year for eligibility for in-state tuition for state-supported colleges and universities.

Extradition. In Article IV, Section 2, the Constitution asserts that when criminals have fled from one state to another, the state to which they have fled is to deliver them to the proper officials upon the demand of the executive authority of the state from which they fled. This process is called **extradition.** "The obvious objective of the Extradition Clause," the courts have claimed, "is that no State should become a safe haven for the fugitives from a sister State's criminal justice system."[12] Congress has supplemented this constitutional provision by making the governor of the state to which fugitives have fled the agent responsible for returning them. Despite the use of the word "shall" in the Constitution, an 1861 Supreme Court decision, based on an antiquated view of federalism, controlled extradition until 1987, and federal courts would not order governors to surrender (extradite) persons wanted in other states. This is no longer so, since the 1861 decision has been reversed.[13] Usually federal courts do not become involved, and extradition is a routine matter. Recently, however, disputes over the custody of children that sometimes lead to criminal charges of parental kidnapping have complicated extradition procedures.

Despite their constitutional obligation, governors of asylum states on occasion have refused to honor a request for extradition. So far in modern times no federal judge has had to try to enforce an extradition request. When the governor of Indiana refused to extradite Bobby Knight, the celebrated Indiana University basketball coach who had been convicted in absentia by a Puerto Rican court of assaulting a police officer during the Pan-American Games in Puerto Rico, the governor of Puerto Rico decided not to force the matter.

Interstate Compacts. The Constitution also requires states to settle disputes with one another without the use of force. States may carry their legal disputes to the Supreme Court, or they may negotiate **interstate compacts.** More often, interstate compacts are used to establish interstate agencies to handle interstate problems. Before most interstate compacts become effective, congressional approval is required. After a compact has been signed and approved by Congress, it becomes binding on all signatory states, and its terms are enforceable by the Supreme Court. A typical state belongs to twenty compacts dealing with such subjects as environmental protection, crime control, water rights, and higher education exchanges.[14]

The Politics of Federalism

This outline of the constitutional structure of federalism is oversimplified and even misleading—especially in terms of the division of powers between the national government and the states. The formal structures of our federal system have not changed much since 1787, but the political realities, especially during the last half-century, have greatly altered how federalism works. To understand this, we need to look at some of the trends that spurred the growth of big government and continue to fuel the debate about the meaning of federalism.

The Growth of Big Government

Over the past two hundred years there has been a drift of power from other institutions—families, churches and synagogues, the marketplace—to governments, and especially to the national government. "No one planned the growth," explains the Advisory Commission on Intergovernmental Relations, "but everyone played a part in it."[15] How did this come about? For a variety of reasons. One is that many of our problems became national in scope. Much that was local in 1789, in 1860, or in 1930 is now national—even global. State governments could supervise the relations between small merchants and their few employees, but only the national government can supervise relations between an international industry and its thousands of employees, all organized in national unions.

As industrialization proceeded, powerful interests made demands on the national government. Business groups called on the government for aid in the form of tariffs, a national banking system, and subsidies to railroads and the merchant marine. Farmers learned that the national government could give more aid than the states, and they, too, began to demand help. By the beginning of this century, urban groups in general, and organized labor in particular, pressed their claims. Big business, big agriculture, and big labor all add up to big government.

The growth of the national economy and the creation of a national transportation and communications network altered people's attitudes toward the national government. Before the Civil War, the national government was viewed as a distant, even foreign, government. Today, in part because of television, most people identify as closely with Washington as with their state capitals.

The Great Depression of the 1930s stimulated extensive national action on such issues as relief, unemployment, and agriculture surpluses. World War II brought federal regulation of wages, prices, and employment, as well as national efforts to allocate resources, train personnel, and support engineering and inventions. After the war the national government helped veterans and inaugurated a vast system of support for university research. Moreover, the United States became the most powerful member of the free world and maintains substantial military forces, even during times of peace.

The Great Society programs of the 1960s poured out grants-in-aid to states and localities. City dwellers, including African Americans who had migrated from the rural South to northern cities, began to seek federal funds for—at the very least—housing, education, and mass transportation.

Although economic and social conditions generated many pressures for expansion of the national government, so did political pressures. Members of Congress, presidents, federal judges, and federal administrators have actively promoted federal initiatives. And until the recent years of overwhelming budget deficits, Congress in particular encouraged this trend. True, when there is widespread conflict about what to do—how to reduce the federal deficit, adopt a national energy policy, reform social security, provide health care for the indigent—Congress waits for a national consensus and looks to presidents for leadership. But when an organized constituency wants something and there is no counterpressure, Congress "responds often to everyone, and with great vigor."[16] Once established, federal programs generate groups with vested interests in promoting, defending, and expanding them. Associations are formed; alliances are made. "In a word, the growth of government has created a constituency of, by, and for government."[17]

The Great Debate—Centralists versus Decentralists

The growth of big government was not without controversy. During the Great Depression of the 1930s, the nation debated whether Congress had the constitutional authority to enact legislation on agriculture, labor, education, housing, and welfare. Only 30 years ago some questioned the constitutional authority of Congress to legislate against racial discrimination. The debate continues between those who favor national action (**centralists**) and those who favor action at the state and local levels (**decentralists**), yet generally it does so outside the framework of constitutional principles. This victory for the nationalists is relatively recent and not likely to be the last word. Throughout our history and into the present, powerful groups have favored states' rights, and they still do today.

The constitutional arguments revolving around federalism grew out of specific political issues: Did the national government have the authority to outlaw slavery in the territories? Did states have the authority to operate racially segregated schools? Could Congress regulate labor relations? The debates were frequently phrased in constitutional language, with appeals to the great principles of federalism. But they were also arguments over who was to get what, where, and how, and who was to do what to whom.

Among those favoring the decentralist or states' rights interpretation, with varying emphasis, were Thomas Jefferson, John C. Calhoun, the Supreme Court from the 1920s to 1937, and more recently, Ronald Reagan, George Bush, Chief Justice William H. Rehnquist, and Justice Sandra Day O'Connor. Most decentralists contend the Constitution is a treaty among sovereign states that created the central government and gave it carefully limited authority. As a result, the national government is nothing more than an agent of the states, and every one of its powers should be narrowly defined. Any question about whether the states have given a particular function to the central government or have reserved it for themselves should be resolved in favor of the states.

Decentralists hold that the national government should not be permitted to exercise its delegated powers in a way that interferes with activities reserved for the states. The Tenth Amendment, they claim, makes this clear: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Decentralists insist state governments are closer to the people and reflect the people's wishes more accurately than does the national government. The national government, they add, is inherently heavy-handed and bureaucratic; to preserve our federal system and our liberties, central authority must be kept under control.

The centralist position has been supported by Chief Justice John Marshall, Abraham Lincoln, Theodore Roosevelt, Franklin Roosevelt, and throughout most of our history by the Supreme Court. (Chief Justice Rehnquist and Justice O'Connor, two of the strongest "defenders of states' sovereignty on the U.S. Supreme Court" of the last half century well may win enough converts from the Reagan and Bush appointees to veer the current Court back to a more decentralist position.)[18]

Centralists reject the whole idea of the Constitution as an interstate compact. Rather, they view the Constitution as a supreme law established by the people. The national government is an agent of the people, not of the states, because it was the people who drew up the Constitution and created the national government. The sovereign people gave the national government sufficient power to accomplish the great objectives listed in the Preamble to the Constitution. They intended that the central government's powers should be liberally defined, and that the central government should be denied authority only when the Constitution clearly prohibits it from acting.

Centralists argue the national government is a government of all the people and that each state speaks for only some of the people. Although the Tenth Amendment clearly reserves powers for the states, as Chief Justice Harlan Stone said, "The Tenth Amendment states but a truism that all is retained which has not been surrendered."[19] The amendment does not deny the national government the right to exercise to the fullest extent all the powers given to it by the Constitution. On the other hand, the supremacy of the national government, it is argued, restricts the states, because governments representing part of the people cannot be allowed to interfere with a government representing all of them.

The Role of the Federal Courts

Congress and the political process ultimately decide how power will be divided between the national and the state governments. Still, the federal courts—and especially the Supreme Court—have often been called on to umpire the ongoing debate about which level of government should do what, for whom, and to whom.

McCulloch versus Maryland

In *McCulloch v. Maryland* (1819) the Supreme Court had the first of many chances to choose between a nationalist and a states' rights interpretation of our federal system.[20] Maryland had levied a tax against the Baltimore branch of the Bank of the United States, a semipublic agency established by Congress. James William McCulloch, the cashier of the bank, refused to pay on the grounds that a state could not tax an instrument of the national government. Maryland's attorneys responded that, in the first place, the national government did not have the power to incorporate a bank, but even if it did, the state had the power to tax it.

Maryland was represented before the Court by some of the country's most distinguished lawyers, including Luther Martin. A delegate to the Constitutional Convention, Martin left early when it became apparent that a strong national government was in the making. Basing his argument on the states' rights view of federalism, Martin said the power to incorporate a bank is not expressly delegated to the national government. He contended that the necessary and proper clause gives Congress only the power to choose those means and to pass those laws absolutely essential to the execution of its expressly granted powers. Because a bank is not absolutely necessary to the exercise of any of its delegated powers, Congress has no authority to establish it. As for Maryland's right to tax the bank, Martin's position was clear: The power to tax is one of the powers reserved to the states; they may use it as they see fit.

The national government was represented by equally distinguished counsel, chief among whom was Daniel Webster. Webster conceded the power to create a bank is not one of the express powers of the national government. However, the power to pass laws *necessary and proper* to carry out express powers is specifically delegated to Congress, and this should be interpreted to mean Congress has authority to enact any legislation convenient and useful in carrying out delegated national powers. Therefore, Congress may incorporate a bank as an appropriate, convenient, and useful means of exercising the granted powers of collecting taxes, borrowing money, and caring for the property of the United States.

Although the power to tax is reserved to the states, Webster contended that states cannot use their reserved powers to interfere with the operations of the national government. The Constitution leaves no room for doubt; in cases of conflict between the national and state governments, the national is supreme.

Speaking for a unanimous Court, Chief Justice John Marshall rejected every one of Maryland's contentions. He wrote:

> We must never forget that it is a constitution we are expounding . . . a constitution intended to endure for ages to come, and consequently, to be adapted to the various crises of human affairs. . . . The government of the Union, then . . . is, emphatically, and truly, a government of the people. In form and substance it emanates from them. Its powers are granted by them, and are to be exercised directly on them, and for their benefit. . . . It can never be to their interest and cannot be presumed to have been their intention, to clog and embarrass its execution, by withholding the most appropriate means.

Marshall summarized his views on the powers of the national government in these now-famous words: "Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the constitution, are constitutional."

Having thus established the doctrine of implied national powers, Marshall set forth the doctrine of **national supremacy.** No state, he said, can use its reserved taxing powers to tax a national instrument. "The power to tax involves the power to destroy . . . If the right of the states to tax the means employed by the general government be conceded, the declaration that the Constitution, and the laws made in pursuance thereof, shall be the supreme law of the land, is empty and unmeaning declamation."

The long-range significance of *McCulloch v. Maryland* in providing support for the developing forces of nationalism cannot be overstated. The arguments of the states' righters, if accepted, would have strapped the national government in a constitutional straitjacket and denied it powers needed to handle the problems of an expanding nation.

An Expanding Role for the Federal Courts

The authority of federal judges to review the activities of state and local governments has expanded dramatically in recent decades because of modern judicial interpretations of the Thirteenth, Fourteenth, and Fifteenth Amendments (especially the Fourteenth) and the congressional legislation enacted to implement these amendments. Today almost every action by state and local officials can be challenged before a federal judge as a violation of the Constitution or of federal law.

In carrying out their judgments, federal judges sometimes have, in effect, taken over the supervision of state prison systems, public hospitals, public schools, and other public facilities. The Supreme Court has gone so far as to sustain a federal judge's right to order a local school board to ignore a state's constitutional constraints and to raise taxes and sell bonds in order to fund the operation of a racially integrated magnet school. In his dissent, joined by Chief Justice Rehnquist and Justices Scalia and O'Connor, Justice Kennedy charged that the Court majority disregarded "fundamental precepts for the democratic control of public institutions," with its "casual embrace of taxation imposed by the unelected, life-tenured federal judiciary."[21]

One of the major instruments for opening these matters to federal court review is the Supreme Court's revitalization—some would say the rewriting—during recent decades of an 1871 civil rights act originally written to combat the Ku Klux Klan. This act, now called Section 1983 after its designation in Title 42 of the United States Code, permits individuals to go into federal court to sue cities and counties for damages or seek injunctions against any person acting under the color of law, that is in an official capacity, whom they believe has deprived them of any right secured by the Constitution or by any one of the several thousands of federal laws.[22] (Although federal judges can order states to stop acting in a manner that violates the federal Constitution or laws or treaties, the Eleventh Amendment constrains federal courts from hearing damage suits against the states—but not against local government officials.)

Federal judges spend a considerable portion of their time trying to decide which provisions of federal laws preempt state and local action. State and local laws are preempted not only when they conflict directly with federal laws and regulations, but also if they only touch a field in which the "federal interest is so dominated that the federal system will be assumed to preclude enforcement of state laws on the same subject."[13] **Preemption** occurs when a federal law or regulation takes over and precludes enforcement of a state or local law or regulation. Examples of federal preemption include the Coast Guard Authorization Act directing the secretary or transportation to develop standards for determining when people are considered intoxicated while operating a marine recreational vessel; dozens of laws regulating hazardous substances, water quality, and clean air standards; and many civil rights acts, most especially the Civil Rights Act of 1964 and the Voting Rights Act of 1965.

Over the years federal judges, under the leadership of the Supreme Court, have favored national powers (including their own). However, recently the Supreme Court has returned to the states several explosive political issues. Perhaps most notably, in 1989 the Court in *Webster v. Reproductive Health Serv*ices gave states considerable latitude to regulate abortion, setting off intense clashes between pro-choice and right-to-life groups in the state legislatures.[24]

Despite the Supreme Court's bias in favor of national over state authority, few would deny the Supreme Court the power to review and set aside state actions. As Justice Oliver Wendell Holmes once remarked: "I do not think the United States would come to an end if we lost our power to declare an Act of Congress void. I do think the Union would be imperiled if we could not make that declaration as to the laws of the several States."[25]

A Message from Garcia: Federalism as a Political and Not a Legal Constraint

In 1985, by a 5–4 vote, in *Garcia v. San Antonio Metro* the Supreme Court said, in essence, that the federal courts should get out of the business of protecting the states from congressional interference. Congress, not the courts, said the court majority, decides which actions of the states should be regulated by the national government. The Court, in this case, upheld the application of the federal minimum wage and hours regulations to the employees of the San Antonio transit system.[26] Three years later, the Court, although noting that "some extraordinary defects in the national political process might render congressional regulation of state activities invalid," reaffirmed that nothing in the Constitution "authorizes courts to second-guess the substantive basis for congressional legislation 'affecting state action.'" "The States," said the Supreme Court, "must find their protection from congressional regulation through the national political process" rather than look to judges to shield them from it.[27]

Justice Sandra Day O'Connor, with the Chief Justice Rehnquist's concurrence, predicted "this Court will in time again assume its constitutional responsibility" of defining the scope of state autonomy protected by federalism.[28] She is probably right. Justices since nominated by Presidents Reagan and Bush—Scalia, Kennedy, Souter, and Thomas—are likely to be more sympathetic to her version of federalism than the majority in *Garcia.* The message from Garcia is not likely to be the final word on this matter. In fact, the Rehnquist Court has already started to modify the Garcia doctrine. It refused to apply the Age Discrimination in Employment Act of 1967 to set aside a provision of the Missouri Constitution mandating the retirement of judges at the age of seventy because Congress, although specifically making the law applicable to state employees, had not plainly stated it intended the law to apply to state judges.[29] Yet even the conservative justices acknowledged that if federal courts resume the task of protecting the states, the set of activities protected by state sovereignty from the reach of the national government "may well be negligible."[30]

Whether Congress can be counted on, as the Court argued in *Garcia,* to protect the states from being overwhelmed by the national government is not clear. State governments do not appear to have great influence in the halls of Congress. Members of Congress have their own constituents and are no longer dependent on state political parties for funds or electoral help. Congressional voting on federalism issues suggests moderate levels of support for the concept of federalism,[31] yet it does not appear to be an overwhelming concern for most members of Congress. And although a few senators have suggested a constitutional amendment to reverse *Garcia,* the movement to do so has not generated much support.

Federalism and the Use of Federal Grants

Congress always has the most to say about whether federal or state standards or some combination of them will prevail. Congress authorizes programs, establishes general rules for how the programs will operate, and decides whether and how much room should be left for state or local discretion. Most important, Congress appropriates the funds for these programs and—until recently—has had deeper pockets than even the richest states. One of Congress's most potent tools for influencing policy at the state and local levels has been the federal grant.

Goals and Types of Federal Grants

Federal grants serve four purposes, of which the most important is the fourth:

1. To supply state and local governments with revenue
2. To establish minimum national standards for such things as highways and clean air
3. To equalize resources among the states by taking, through federal taxes, money from people with high incomes and spending it, through grants, in states where the poor live
4. To attack national problems yet minimize the growth of federal agencies.

Even after the "Reagan revolution" resulted in the "devolution" of some functions back to the states, the national government continues to do much more than it did even two decades ago. Still, the number of federal employees is about the same today as it was then. Congress has chosen to use the states, the cities, the counties, the universities—and at times even private agencies to administer programs, deliver services, and carry out federal mandates.

There are four types of federal grants: categorical-formula grants, project grants, block grants, and revenue sharing.

1. **Categorical-formula grants.** Congress appropriates funds for specific purposes—welfare, school lunches, the building of airports and highways. The funds are allocated by formula and are subject to detailed federal conditions, often on a matching basis; that is, the government receiving the federal funds must put up some of its own dollars. There are hundreds of grant programs, but two dozen, including Medicaid and Aid to Families with Dependent Children, account for almost 90 percent of total spending for categoricals.[32]
2. **Project grants.** Congress appropriates a certain sum, but the dollars are allocated to state and local units—sometimes to nongovernmental agencies—based on applications from those who wish to participate. Examples are grants by the National Science Foundation to universities and research institutes to support the work of scientists or grants open to states and localities to support training and employment programs.
3. **Block grants.** These grants, favored by recent Republican presidents and most governors, but opposed by most Democratic members of Congress and big city mayors, are broad grants to states for prescribed activities elementary and secondary education, social services, preventive health, and health services—with only a few specific strings attached. During the first year of his presidency, Ronald Reagan was able to convince Congress to consolidate fifty-seven categorical grant programs, constituting 10 percent of federal aid to state and local governments, into nine block grants. But that was as far as Congress was willing to go.

   President Bush, outdoing Reagan and reviving New Federalism, selected from among the $140 billion in federal grants to the states a list of $22 billion dealing with education, human services, housing, law enforcement, and the environment, and urged Congress to put $15 billion into a single block grant program. Within these broad areas states would be free to decide how to spend the money. This would, argued the president, move "power and decision-making closer to the people."

   Big city mayors oppose proposals for block grants because such grants threaten to take both dollars and discretion from them. They also deprive members of Congress of the opportunity to announce and take credit for grants to their particular districts.[33] As a result, Congress paid little attention to the Bush proposals.
4. **Revenue sharing.** This program involves federal grants to state and local governments to be used at their discretion and subject only to very general conditions. From 1972 to 1987 substantial revenue sharing funds were given to state and local governments. When in the second Reagan administration federal budget deficits soared and "there was no revenue to share," revenue sharing was terminated—to the states in 1986 and to local governments in 1987.

The Politics of Federal Grants

Arguments about the forms of federal aid involve more than questions of efficiency. They reflect differences about what constitutes desirable public policy, where power should be located, and who will gain or lose by the various types of grants. Republican presidents "have consistently favored fewer strings, less federal supervision, and the delegation of spending discretion to the state and local governments, whereas Democratic presidents have advocated the opposite. Congress has divided similarly, with Democrats generally voting for centralization, and Republicans for decentralization."[34]

Although chief executives—governors and presidents—generally tend to urge the consolidation of categorical-formula grants into larger blocks, legislators who prefer to decide where the funds are to go and groups who benefit from existing programs are likely to resist, most of the time successfully. Consider the battle over libraries. "[The] Administration proposed the consolidation of several narrow library grants. The Congress resisted, and the reason is simple. It can be expressed quantitatively: 99.99 percent of the public is not interested in library grant reform. Of the .01 percent who are interested, all are librarians and oppose it."[35]

The debate over the form of grants is not just a dispute over whether state and local governments can be trusted to spend federal dollars wisely. It is also a debate about which state and local officials should be given control over the spending. Specialists who work for state and local governments often have more in common with specialists working for the national government than they do with their own governors, mayors, or state legislators. These specialists (highway engineers, welfare administrators, educators) confer at meetings, read common journals, and jointly defend the independence of their programs from attempts by "politicians" (elected national or state officials) to regulate them.[36] When interest groups, congressional committee staffers, and federal bureaucrats (who in turn are connected to state and local bureaucrats) join forces, they create powerful "guilds."[37] The result is **iron triangles,** or as they are sometimes called, *issue networks,* that can be effective in protecting their programs.

The battle over "which piper calls the tune when one government raises the money and another spends it" tends to be cyclical. A scholar of federalism has explained, "Complaints about excessive federal control tend to be followed by proposals to shift more power to state and local governments. Then, when problems arise in state and local administration—and problems inevitably arise when any organization tries to administer anything—demands for closer federal supervision and tighter federal controls follow."[38]

At the moment the national government is having such budgetary problems that the trend is toward the elimination or reduction of federal grants and the return of functions to the states. But despite the decentralist rhetoric of the White House and many congressional leaders, Congress has found ways to continue to regulate the states and local governments.

Regulatory Federalism and Federal Mandates

Fewer federal dollars has not meant fewer federal controls. On the contrary, the federal government continues to impose mandates on states and local governments. State and local officials complain that these new federal regulatory devices are far more intrusive than the more obvious conditions a state or local government must meet to get a federal grant.[39]

New Techniques of Federal Control

Here are five new techniques used to regulate state and local governments:

1. *Direct orders.* In a few instances, federal regulation takes the form of direct orders that must be complied with under threat of criminal or civil sanction. Examples are the Equal Opportunity Act of 1982, barring job discrimination by state and local governments because of race, color, religion, sex, and national origin, and the Marine Protection Amendments of 1977, prohibiting cities from dumping sewage into the ocean. Because such direct orders raise mild constitutional concerns and more serious political ones, Congress favors other techniques for imposing the federal will on the states.
2. *Cross-cutting requirements.* The first and most famous of these requirements (so-called because a condition on one federal grant is extended to all activities supported by federal funds regardless of their source) is Title VI of the 1964 Civil Rights Act, which holds that no person may be discriminated against in the use of federal funds because of race, color, national origin, sex, or handicapped status. More than sixty cross-cutting requirements concern the environment, historic preservation, contract wage rates, access to

governmental information, the care of experimental animals, the treatment of human subjects in research projects, and so on.

3. *Cross-over sanctions.* These sanctions permit the "feds" to use federal dollars in one program to influence state and local policy in another. One example is the Emergency Highway Energy Conservation Act of 1974, which prohibits the secretary of transportation from approving federal funding for highway construction in states having a speed limit in excess of fifty-five miles per hour (since amended to allow the limit to be raised to sixty-five miles per hour in certain rural areas). Another example is a 1984 act that threatened to reduce federal highway aid by up to 15 percent for any state that failed to adopt a minimum drinking age of twenty-one by 1987.
4. *Total preemption.* This kind of control rests not on the national government's power to spend but on its powers under the supremacy and commerce clauses to preempt conflicting state and local activities. Building on this constitutional authority, federal law in certain areas just preempts states and local governments from the field.
5. *Partial preemption.* In these instances federal law establishes basic policies but requires states to administer them. Some programs give states an option to participate, but if a state chooses not to do so, the national government then steps in and directly runs the programs. Even worse from the state's point of view is mandatory partial preemption, in which the national government requires the state to act on peril of losing other funds but provides no funds to support the state action. The Clean Air Act of 1990 is an example of mandatory partial preemption; the federal government sets national air quality standards and requires states to devise plans and pay for their implementation and enforcement.[40] If a state fails to adopt air pollution plans that are deemed to be adequate, there are what are called "hammer" provisions requiring federal implementation plans to be imposed on the state.[41] State violations of the clean air requirements can be "punished" by a variety of sanctions, including withholding of federal funds for a variety of purposes. Medicaid is another example of the national government providing some dollars but mandating states to provide kinds of services that cost more than the federal funds cover.

These new forms of federal regulation accelerated during the 1970s and abated only slightly during the 1980s. More than half the federal statutes preempting state and local authority have been enacted in the last two decades.[42] Despite the Reagan-Bush emphasis on retrenchment of federal regulations, the Reagan administration pressured for national controls to force states to adopt drunk-driving legislation, to cut off federal funds to cities enacting rent controls, and to force on states and localities certain busing, abortion, and school prayer policies. Ninety-one preemption statutes were enacted during the Reagan administration.[43] The Bush administration supported major expansions of federal preemption in the administration of the criminal laws. Apparently liberals and conservatives alike favor fewer federal controls over state and local officials in the abstract yet are willing to make exceptions in policy areas when they feel strongly something must be done to correct or prevent an injustice. Because there are plenty of injustices, federal regulation of state and local governments remains a continuing feature of our political system.

The Politics of Federal Mandates

Federal laws are usually fairly general. And since they are the product of political compromises, they often do not specify how they are to be implemented. As a result, the president and federal administrators have great latitude in their enforcement of federal mandates.

Yet it should not be thought that states and local officials are merely passive partners waiting to learn from federal authorities what to do and how to do it. It is one thing to get a law through Congress; it is another to impose national standards on state and local officials and the people they represent. If local and state political groups fail to persuade Congress to build safeguards into a law to protect their interests, they may still use the ambiguities of the law to do what they want done rather than what the federal agencies intend. In the implementation battles that routinely follow the enactment of legislation, the greater political power may be with state and local officials.[44]

Politics and Federalism: A Look to the Future

The ongoing debate about federalism can be understood on several levels. On one level, it is an argument about which government can most effectively deal with a particular problem—the national government or the states. On another level, it is an attempt by interest groups to find the forum—Washington or their state capitals—where they have the greatest chance of a sympathetic hearing. And, on yet another level, it is a debate about the best way to protect liberty and promote equality.[45]

Until the civil rights revolution of the 1960s, for example, segregationists feared that national officials—responding to different political majorities—would work for racial integration. Thus they praised local government, emphasized the dangers of overcentralization, and argued that the protection of civil rights was not a proper function of the national government. As one political scientist has observed, "Federalism has a dark history to overcome. For nearly two hundred years, states' rights have been asserted to protect slavery, segregation, and discrimination."[46]

Today the politics of federalism, even with respect to civil rights, is more complicated than in the past.[47] With changing political power distributions, the national government is not necessarily more favorable to the claims of minorities than most state or city governments. With the Supreme Court's abandonment of rigorous constitutional protection for women's right to abortions and its refusal to extend marital privacy rights to gays and lesbians, some state constitutions and state courts now provide more protection for these rights than does the U.S. Constitution. State and local governments also "have become the principal agents for advancing the cause of comparable worth. This role challenges the conventional wisdom that only centrist alternatives can advance equal opportunity and civil rights for all citizens."[48]

Further, as states more actively regulate the economy, some business interests have been running back to Washington, arguing that conflicting state regulations are unduly burdening interstate commerce and asking for preemptive federal regulation to save them not only from stringent state regulations but from having to adjust to fifty different state laws.[49] Yet, in general, political conservatives still favor state and local action, while liberals continue to favor national action. Conservative theorists still tend to champion local autonomy as the "means of protecting individual freedom." Local autonomy continues to be suspect by representatives of minorities, feminists, and the disadvantaged in general as "an exclusive haven for white privilege."[50] These "solid" positions about the appropriate functions of the national government versus state and local governments are more confused today.

The Rise—and Fall—of "Crazy Quilt" Federalism

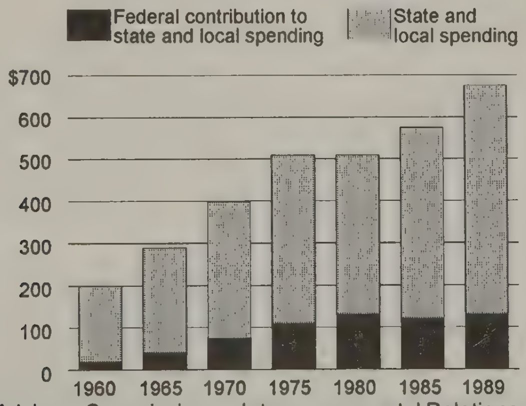
One source of confusion, termed "crazy quilt federalism,"[51] emerged during the 1960s urban crisis, when the national government started in earnest to provide large-scale, direct federal aid to cities, counties, school districts, flood-control districts, and other kinds of local units. In some ways Congress "became the city council of the nation" and the "president—acting very much like a Mayor"—tried to solve some tough local problems.[52] As a result, there was virtually no function of local government from police to community arts promotion, for which there [wasn't] a counterpart federal aid program."[53] The combination of a strengthened national-city link and the corresponding state bypass resulted—at least in part—from the belief that Congress and federal authorities are more likely than state officials to ensure that the poor and the black, especially the latter, will get their fair share from tax dollars.

The high point of federal aid in terms of real dollars occurred in 1978. By the beginning of the 1980s, as national budget deficits mounted, liberals and conservatives, Republicans and Democrats, all agreed the expansion of the national government had gone too far. First the Carter administration curtailed some federal programs. Then the Reagan and Bush administrations made the reduction of the role of the national government one of their domestic priorities. They wanted cities to look to the states—not the national government—for help, and they wanted states to take over greater responsibilities for welfare, transportation, health, and education (see Figure 3). Many programs have been eliminated, and even more have been sharply reduced. General revenue sharing was eliminated. Between 1980 and 1990 categorical-formula grants for states and local governments were reduced by one-third. More than half the eighty federal regulations the National Governors' Association targeted as especially burdensome to the states have been eliminated.[54]

The Reemergence of the States

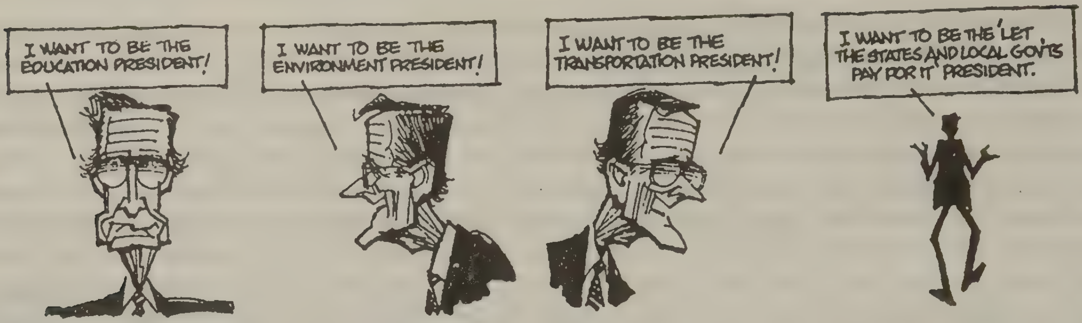
When the national government slowed the rate of growth of its domestic spending, the states took over some of its responsibilities.[55] "To a greater extent than almost anyone thought possible," Reagan "achieved his long-cherished goal of shifting the initiative and responsibility for domestic programs out of Washington and back to the states and cities."[56] "Instead of getting government off the backs of the American people," Reagan "presided over a huge growth of big government at the state level."[57] Not only were the programs shifted to the states, so were the costs of running them. For example, in 1970 Medicaid cost the states about 4 percent of their budgets; by 1995 it may reach 16 percent.[58]

Abandoned by the national government, cities and counties have also turned again to their own state capitals. The states have responded to this reduction in federal funding for urban governments with mixed results (see Table 3). Some states—Florida, Massachusetts, New Jersey, New York, and Oklahoma—tried with some success to replace the withdrawn federal funds for their cities and schools—until they, too, fell upon hard times in the early 1990s. Other states—California, for example—made little effort to replace the federal dollars or keep up the cut programs.[59] By the 1990s states were staggering under these additional burdens and being forced to raise taxes, lower the level of services,[60] or use mandates to make local governments provide additional services—without state aid.[61]



Source: Based on data from the Advisory Commission on Intergovernmental Relations, *The New York Times*, December 30, 1990, p. 1. Copyright © 1990 by the New York Times Company. Reprinted by permission.

FIGURE 3. The Curtailment of Federal Aid


I WANT TO BE THE EDUCATION PRESIDENT!
I WANT TO BE THE ENVIRONMENT PRESIDENT!
I WANT TO BE THE TRANSPORTATION PRESIDENT!
I WANT TO BE THE 'LET THE STATES AND LOCAL GOV'TS PAY FOR IT' PRESIDENT.

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The Future of Federalism

In 1933, seeing state governments helpless during the Great Depression, one writer stated, "I do not predict that the states will go, but affirm that they have gone."[62] These prophets of doom were wrong. States are stronger than ever. Most have improved their governmental structures, taken on greater roles in funding education, launched programs to help distressed cities, and—despite new constitutional limitations—expanded their taxing bases. Able men and women have been attracted to many governorships. "Today, states, in formal representational, policy-making, and implementation terms at least, are more representative, more responsive, more activist, and more professional in their operations than they ever have been. They face their expanded roles better equipped to assume and fulfill them."[63]

The national government, however, is not likely to retreat to a pre-1930 posture or even a pre-1960 one. The underlying economic and social conditions that generated the demand for federal action have not substantially altered. On the contrary, in addition to such traditional issues as helping people find jobs and preventing inflation and depressions that still require national action, countless new issues have been added to the national agenda by the growth of a global economy based on high technology, service, and information. Although it is worth remembering that in terms of gross national product, many American states are larger than many nations—California, for example, has an economy larger than that of Great Britain—most states still lack the jurisdiction by themselves to clean up the air, modernize the air traffic control system, regulate the economy, prevent pollution of our rivers, deal with drug abuse, or prevent the spread of AIDS and find its cure. And there are issues, such as the lack of decent housing for inner-city African Americans and Hispanics, that are beyond the capacity of the states to solve alone.

Most Americans have strong attachments to our federal system—in the abstract. They remain loyal to their states and show a healthy skepticism about the national government. Yet most of the time for most of the people, the concerns are about more immediate problems—clean air, safety in the streets, relations between men and women, jobs, the cost of medical care, heating fuel for their homes, and gasoline for their cars. They are not much concerned about the nature of federal grants or arguments about the virtues of national versus state action. They are willing to use whatever governmental agencies or combinations of agencies they feel can best serve their needs and represent their interests.

American federalism has modified and been modified by the political and social issues facing us during the last two hundred years. It win continue to shape our society. Our federal system remains firmly rooted in our political system as well as our constitutional democracy. We are not about to abolish it or modify it drastically. But just as the federalism of today is as different from that of 1787 as a jet airplane is from a stagecoach, so federalism will continue to evolve as we move into the twenty-first century.

TABLE 3

Fiscal Capacity to Raise Revenue (from most able to least able)

U.S. average	100	Maryland	108	Maine	95	Indiana	87
Alaska	177	New York	107	Georgia	94	Wisconsin	86
Wyoming	151	Florida	105	North Dakota	94	Iowa	84
Nevada	147	Texas	104	Oregon	93	Tennessee	84
Connecticut	135	Minnesota	102	Missouri	93	Utah	80
Massachusetts	124	Virginia	101	Rhode Island	92	South Carolina	79
Washington, D.C.	122	Vermont	99	New Mexico	91	South Dakota	78
Delaware	121	Arizona	99	Nebraska	91	Idaho	77
New Jersey	121	Oklahoma	98	Ohio	91	West Virginia	76
New Hampshire	119	Washington	98	Louisiana	90	Kentucky	76
California	118	Michigan	96	Pennsylvania	90	Alabama	74
Colorado	117	Illinois	96	North Carolina	88	Arkansas	73
Hawaii	113	Kansas	96	Montana	88	Mississippi	65

Source: Advisory Commission on Intergovernmental Relations, *Intergovernmental Perspective*, 15 (Spring 1989), p. 17.

Summary

1. Our federal constitutional system has evolved into something only slightly different in form, yet significantly different in operation, from the 1789 version.
2. It is not possible to find neat and clear and noncontroversial divisions between the powers of the national and state governments.
3. Today the national government has the constitutional authority to do whatever Congress thinks is necessary and proper, and there are few if any judicially enforced limits to restrain Congress from interfering with the actions of the states.
4. The centralization of constitutional power at the national level does not mean that federalism is dead. Political power remains dispersed, and states remain active and significant political realities.
5. Ideological bias in favor of either national or state action is likely to reflect concrete political objectives. Conservative support for states' rights and the liberal preference for national action are no longer as predictable. Shifting political issues continue to lead to shifting allegiances among the various levels of government.
6. The drift toward increasing federal action has been fueled more by underlying economic and social changes than by concerns about federalism, but we detect a vigorous trend toward the view that federalism as a political principle is worthy of being preserved.
7. The major instrument of federal intervention has been various kinds of grants-in-aid, of which the most prominent are categorical-formula grants, project grants, block grants, and revenue sharing.
8. Additional forms of federal intervention to control the activities of state and local governments have become more important in recent decades. These include direct orders, cross-cutting requirements on federal funds, cross-over sanctions in the use of federal funds, total preemption, and partial preemption.
9. Beginning in the 1970s, accelerating in the 1980s, and continuing into the 1990s, there has been a substantial return of policy responsibilities to the states and a pause in the expanding role of the national government.

10. Today we no longer spend so much time debating the *law* of federalism; we have moved to the *politics* of federalism. As now interpreted, the Constitution gives us the option to decide through the political process what we want to do, who is going to pay, and how we are going to get it done.

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Rethinking Federalism

Alice M. Rivlin

Thus far I have argued that, for a variety of reasons, the division of tasks between federal and state government urgently needs to be reexamined.

- Global interdependence requires the federal government to pay more attention to international affairs, so states must play a stronger role in domestic policy.
- The policies needed to revitalize the economy, which include eliminating the federal deficit and increasing public investment in skills and infrastructure, cannot all be undertaken by Washington without a federal tax increase too big to be either likely or desirable.
- Top-down management by the federal government is unlikely to bring about needed change in education, skill training, and other areas where reform is essential.
- Some objectives, though, such as reform of health financing and control of medical costs, cannot be attained by states on their own.
- Increased competence and responsiveness of state government have weakened the rationale for many federal programs.
- Citizens' lack of trust in government, especially at the federal level, is exacerbated by confusion over which level of government is in charge of what and how tax money is being spent.

Three Scenarios

What might happen to the division of responsibilities between states and the federal government in the 1990s? Three scenarios illustrate the possibilities.

The Eighties Continued

In the early 1990s, federal policy continued to be dominated by a distressing legacy of the 1980s: the huge structural deficit in the federal budget. The deficit, combined with politicians' perceptions that the public would not tolerate increased federal taxes, required restraining discretionary spending and avoiding new federal initiatives. Rising social security reserves and declining defense spending provided some offsets, but escalating costs of medical care and bigger outlays for interest on the growing debt kept pushing spending up.

The first scenario assumes that federal tax and spending policies continue on the basic tracks established in the 1980s without important changes. Using similar assumptions, the Congressional Budget Office projects the federal deficit continuing at high levels into the next century (Table 1). To be sure, the deficit is projected to decline as the economy recovers from the

TABLE 1

Federal Budget Projections, Fiscal Years 1992–2000[a]

Percent of GDP *Item*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*
Revenues	18.6	18.8	19.1	19.1	19.1	19.0	19.0	19.1	19.1
Outlays									
Defense and domestic discretionary	9.4	8.7	8.1	7.7	7.5	7.3	7.2	7.1	7.0
Entitlements and mandatory spending									
Social security	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Medicare and medicaid	3.4	3.6	3.7	4.0	4.2	4.4	4.7	4.9	5.2
Other	3.9	3.7	3.5	3.4	3.2	3.3	3.2	3.2	3.1
Deposit insurance	1.1	1.1	0.5	–0.2	–0.6	–0.4	–0.2	–0.2	–0.1
Net interest	3.4	3.4	3.5	3.5	3.5	3.6	3.6	3.6	3.7
Offsetting receipts[b]	–1.2	–1.1	–1.0	–1.0	–1.0	–1.0	–1.0	–1.0	–1.0
Total	24.9	24.2	23.1	22.0	21.6	22.0	22.2	22.5	22.7
Deficit	6.3	5.4	4.0	2.9	2.5	3.0	3.2	3.4	3.6

Source: Congressional Budget Office Testimony, Statement of Robert D. Reischauer, Hearings before Subcommittee on Economic Stabilization, House Committee on Banking, Finance, and Urban Affairs, April 7, 1992.

a. Assumes no changes in tax or spending policies and enforcement of caps on discretionary spending in the Budget Enforcement Act of 1990.

b. Includes contributions from allied nations for Operation Desert Storm.

recession of the early 1990s and the deposit insurance crisis is resolved, but beginning in 1997, the deficit again begins to rise faster than total output.

The surprising resurgence of the federal deficit expected at the end of the decade is not caused by declining revenues, which remain close to 19 percent of gross domestic product (GDP). Nor is it caused by future Congresses voting new spending programs or adding to old ones: the projections assume continuation of the stringent caps on discretionary spending imposed by the budget agreement of 1990. Nor is social security to blame. Social security outlays remain about constant at 4.8 percent of GDP—the influx of retiring baby boomers starts about a decade later—and growing social security surpluses continue to offset part of the general fund deficit.

The sole reason that federal spending is projected to rise faster than GDP (without any economic or policy changes) is that rapidly increasing medical care prices will continue to push up spending for medicare and the federal share of medicaid. The cost of these two programs is projected to rise from 3.4 percent of GDP in 1992 to 5.2 percent in 2000.

This scenario assumes that politicians continue to view federal tax increases as politically risky. Congress and the president tinker with the tax system, but do not enact major revenue increases. They enact a few revenue-losing changes in the name of incentives for saving or investing (for example, a cut in income tax rates for long-term capital gains or more generous individual retirement accounts). These are offset by some revenue gainers in the name of fairness or financing infrastructure (a surcharge on millionaires or another nickel or dime of gasoline tax). Without a significant redefinition of the federal role, however, it is hard to imagine either a president or Congress mustering the political courage to increase revenue much above 19 percent of GNP.

Similarly, Congress and the president go on tinkering with federal spending. They continue to reduce defense spending while adding modest new domestic initiatives (some education, some child care, some low-income housing) but no major commitments. Continued concern about the deficit and fear of major tax increases also precludes significant new spending for health finance reform. Without the ability to fund new programs, the federal government goes on using mandates to affect state and local policy. Without effective medical cost control, both federal and state health programs steadily grow more expensive. The cost of private health insurance rises and more people are uninsured.

Meanwhile, under this scenario, the states keep struggling with rising demands for services, the escalating cost of medicaid, and additional federal mandates. They raise taxes and fees as much as necessary to stay afloat but are not able to finance major new initiatives. The division of tasks between states and the federal government remains muddy. Citizens continue to be confused about whom to blame for unsolved problems. Activist groups and state and local officials go on lobbying Washington for additional spending on everything from preschools to mass transit but have only limited success. The economy, still suffering from insufficient saving and high real interest rates, continues to limp along.

"The eighties continued" is definitely not a scenario for healthy and widely shared growth in the standard of living. With private investment levels no higher than those in the 1980s and no serious effort to improve schools, job training, or public infrastructure, productivity growth does not accelerate. Family incomes grow slowly, if at all. Moreover, escalating medical costs lower the amount of income working people can spend for other purposes—either because employers pay lower wages in the face of the rising cost of medical benefits or because workers have to pay the bills themselves.

If no aggressive measures are taken to improve the education, skills, or health of low-skilled workers, their situation will probably continue to deteriorate relative to that of the highly skilled and educated. The federal debt will continue to increase, requiring high annual interest payments that reduce funds available for federal programs. Moreover, with the federal government borrowing a substantial fraction of the nation's saving, the United States will remain dependent on foreigners for capital and will have to pay them substantial sums (in interest, dividends, and profits) for the use of that capital.

Paul Krugman has sketched out some of the implications of a similar scenario, which he calls "drift":

> If the domestic U.S. economy in the year 2000 may look fairly similar to its current state, the international economy—and the role of the United States in that international economy—will almost surely look quite different.
>
> In the first place, foreigners will own quite a lot of America. Net foreign claims on the United States will be something like 20 percent of GNP, with interest and dividends on these claims nearly 2 percent of national income. . . . It would not be surprising if, by the year 2000, foreign firms account for 25 percent of U.S. manufacturing production and own 45 percent of our banking sector.
>
> The widespread foreign ownership will be a blow to traditional views of America's place in the world. . . . By the year 2000, an increasingly unified Europe will have a larger GNP than America's and Japan will have a GNP that in dollar terms is 80 percent or more of the U.S. level. . . . So by many measures the United States will have sunk to the number three economic power in the world.[1]

Krugman expects that Americans will simply allow this deterioration to occur and will not muster the political energy needed to get the country on a more positive track.

Back to the Sixties

The second scenario assumes that the electorate, refusing to accept "diminished expectations," demands federal action, or that some calamity, economic or political, propels an activist president into the White House with a supportive majority in Congress. With the energy of a Franklin D. Roosevelt or a Lyndon B. Johnson, the new president puts together an aggressive program of federal spending and tax increases and steers it through Congress. The federal government launches major new grants to both state and local governments—to improve skills, subsidize low- and middle-income housing, modernize infrastructure, and reform the schools. Washington churns out checks for programs and projects all over the country, along with guidelines, rules, and reporting requirements. The federal government also enacts either national health insurance or some less expensive health financing plan that subsumes medicaid.

All this federal activity raises the share of federal spending to perhaps 26 percent by the end of the decade (more if full national health insurance is enacted). Federal domestic spending rises by more than total spending because defense spending continues to decline. Taxes are raised, not only to pay for the increased federal activity, but to narrow the deficit. A combination of increases in taxes on payroll, sales or value added, energy, and income raises federal revenue from 19 to 25 percent of GDP and cuts the deficit to 1 percent of GDP. Even this huge assumed rise in the federal tax burden does not move the federal budget to surplus. Some economists argue, however, that major increases in public investment make borrowing more defensible under this scenario than in the 1980s, when public investment was low.

The combination of federal grants and relief from rising medicaid costs enables states and localities to reduce taxes. While federal revenue rises faster than GDP, state and local revenue rises more slowly. Policy action shifts back to Washington, along with intense lobbying by myriad interest groups, including state and local governments, for a piece of the additional federal funding. Able people seeking careers in public service, whether as civil servants, political appointees or elected officials, gravitate to Washington, because that is "where the action is."

If the "back to the sixties" federal programs were well designed and executed, they might energize the economy, accelerate productivity growth, and put the United States back on the track of higher expectations and leadership in the world community. The risks, however, are large. It is not clear that the federal government has the capacity to manage new programs that intervene in so many aspects of community life. Can Congress and the president exercise leadership in initiating so many domestic reforms and oversee their execution at the same time they are dealing with all the problems of leadership in an increasingly complex and interdependent world? Can they find a way between the twin dangers of loose federal controls that invite misallocation of funds and rigid controls that are often inappropriate in local situations? Past experience suggests strong doubts.

The most serious impact of pervasive federal activism might be on the quality of state and local government and on citizen motivation to work for change. There is certainly a danger that a "back to the sixties" scenario would reverse recent trends and lead to declining energy and capability at the state and local level. Both voters and politicians in states and localities might decide to "let Washington do it."

Whatever its advantages or disadvantages, "back to the sixties" is unlikely to occur. It would take a major shift in people's willingness to pay taxes at the federal level. Given the current antagonism toward big government and lack of clarity about which level of government has responsibility for specific functions, this reversal of attitudes toward federal taxation is hard to imagine.

Dividing the Job

The third scenario is more realistic than "back to the sixties" and more workable than either of the other two. It is based on the premise that Washington has neither the managerial capacity nor the grass-roots support to simultaneously create a federal budget surplus, reform health financing, and implement the productivity agenda—while also managing increasingly demanding international responsibilities. It would be better to divide the job, focus the energies of the federal government on the parts of the task for which it has a distinct advantage, and rely on the states for activities they are more likely to carry out successfully.

"Dividing the job" would involve five major changes in policy. First, the federal government would take charge of reforming the nation's health financing system to accomplish two objectives: firm control of medical costs and universal health insurance. Cost control is crucial, since broadening coverage without controlling costs will only exacerbate medical inflation. Fees and reimbursement rates for all medical services would be set according to a negotiated formula that all providers would have to accept. Controlling the rate of increase of these fees and reimbursement rates would gradually reduce the rate of increase in medical spending to roughly the rate of growth of the economy as a whole. Universal coverage could be achieved by full national health insurance or, more likely, by some combination of private and public insurance. The new program would supplant medicaid, relieving state and local government of an increasing burden.

Even a limited public role would require additional federal revenues. Since these taxes, like current social security and medicare taxes, would be clearly related to identifiable benefits, they would be more acceptable to the electorate than general taxes to finance unspecified spending or deficit reduction. The health taxes should be earmarked for health services and deposited in a health insurance trust fund that would take over the spending functions now financed by medicaid and other health programs for low-income people. The size of the tax increase required would depend on the type of health financing program chosen, but even a limited reform would shift public spending for health from state and local budgets to the federal one. With successful control of medical cost inflation, it would be possible to provide health insurance for the currently uninsured without increasing total government health spending above that currently projected for the end of the decade. (For a more detailed discussion of health financing options, see chapter 9.)

Second, the states, not the federal government, would take charge of accomplishing a "productivity agenda" of reforms designed to revitalize the economy and raise incomes. These reforms would address needs such as education and skills training, child care, housing, infrastructure, and economic development. Once clearly in charge, the states would compete vigorously with each other to improve services and attract business by offering high-quality education, infrastructure, and other services.

Third, the following federal programs would be devolved to the states or gradually wither away: elementary and secondary education, job training, economic and community development, housing, most highways and other transportation, social services, and some pollution control programs. Some specific programs where federal action is needed would be retained, even expanded; for example, higher education scholarships for low-income students and federal support for scientific research, including research on learning. A few transportation functions—especially air traffic control—would remain federal. Devolving these functions would reduce federal spending by at least $75 billion. Much more important, devolution would reduce future pressure on the federal deficit. Citizens and organizations concerned about better housing, training, and education would have to lobby in their state capitals, not Washington.

Fourth, the federal government would bring its budget from deficit into surplus (including social security). It would then be adding to national saving and reducing the federal debt held by the public. The federal deficit would be eliminated by a combination of devolving domestic programs to the states, imposing health insurance taxes and transferring medicaid spending to a health insurance trust fund, and reducing other federal spending (including defense) faster than currently projected. Interest costs would also decline. General federal taxes need not rise.

Fifth, the states, with the blessing or the assistance of the federal government, would strengthen their tax systems and increase revenue by adopting one or more common taxes (same base, same rate) and sharing the proceeds. Common shared taxes would reduce border concerns and could enhance the revenues of poorer states. One version is a uniform value-added tax (VAT), shared on a per capita basis and substituted for state retail sales taxes. Another is a single state corporate income tax, perhaps collected by the IRS along with the federal tax, and shared on a formula basis. Another one is a shared energy tax. (These possibilities are discussed in greater detail in chapter 8.)

Compared with "back to the sixties," "dividing the job" implies a smaller federal government and a larger state-local sector. Tax increases would be required under both scenarios, since the deficit is to be reduced and more services provided in both. In "back to the sixties" all the new revenue would be raised at the federal level. In "dividing the job" additional revenue would come from a combination of new federal taxes for health insurance and increased state and local taxes for the productivity agenda.

Despite its name, the "dividing the job" scenario does not involve a return to dual federalism. There are important areas in which cooperative federalism is necessary and desirable. One of those is environmental protection. Many hazards to the environment cross state lines and cannot be satisfactorily dealt with by states and localities acting alone. Others are of largely local concern.

Welfare for families with children (AFDC) also remains a shared state and federal responsibility in this scenario. Some would argue for making AFDC federal or at least for a basic federal program that the states could supplement. Joint responsibility, however, would give both levels of government incentives to try hard to reduce welfare dependency. To this end, the states should improve education, training, and child care for welfare mothers, and the federal government should adjust the income tax to increase the after-tax rewards for low-wage work.

The Rationale for "Dividing the Job"

A major premise underlying "dividing the job" is that citizens are anxious to revive the American dream. They want to live in an economy that provides sustainable and widely shared growth in the standard of living. They are prepared to work hard and make sacrifices to that end if they see the connection between the effort and the result. People want high-quality public services—schools that teach modern skills, retraining opportunities for workers who lose jobs, efficient transportation, health care for those who need it—but they also want to know what happens to the taxes they pay and see some evidence close to home that public efforts make a difference.

Successful economic revitalization is hard to carry out or even to comprehend on a national scale. Many of those concerned about the lagging American economy have urged the federal government to adopt an explicit industrial policy. Proponents usually envision a huge federal bank with a board allocating funds to industries and areas. Such grandiose notions founder on closer examination, however, in part because of the sheer size and diversity of the economy. Few would trust the federal government to allocate funds wisely or nonpolitically to development projects or programs. Washington cannot mobilize the community support, business-labor cooperation, or coordination that successful development requires.

Governors and mayors, however, are closer to the scene. They have more ways to generate business, labor, and community support for development and put together an effective program to increase investment and jobs. The best chance of having a successful industrial policy in a country this size is to have a lot of communities, states, and regions competing with each other to improve their own economic prospects.

Several scholars of federalism have argued that states are currently better suited than the federal government to undertake the economic development policies needed to ensure successful American competition in a global economy. David R. Beam has pointed out that although Americans came to rely on Washington for economic policy leadership in the Great Depression, the federal government did not have the answers when the economy began faltering in the 1970s.[2] The "supply-side" tax cutting of the early 1980s left the federal government with a paralyzing deficit. A national industrial policy was rejected out of fear that federal government efforts to choose and foster industrial "winners," as the Japanese supposedly do, would result in the government handing out political favors at taxpayers' expense. Meanwhile, however, states moved aggressively to improve their own economies and revenue bases. They set up public investment and venture capital funds, fostered technology and innovation, and sent missions abroad to attract foreign investment and promote regional exports. The new state development efforts emphasized skill training, education reform, business-university partnerships, and better transportation, rather than tax concessions to business.

Beam concluded that states are likely to do a better job in the economic development role than the federal government and ventures this hypothesis:

> Under conditions of global competition and rapid technological change, a large nation composed of multiple political and economic centers, each striving to secure its own economic advantage, will be better able to advance the welfare of its citizens than a large nation dominated by a single political and economic center.[3]

In an earlier study, Paul Peterson and his colleagues examined federal grant programs in an attempt to discriminate between types of programs for which intergovernmental cooperation was productive and those for which it was counterproductive or unnecessary.[4] They found that "development programs" (vocational education, hospital construction, community development) were enthusiastically supported by state and local officials and easy to administer cooperatively. The federal government allowed state and local officials substantial discretion in using the money, and all parties thought the relationships were working well. "Redistributive programs" (compensatory education, rent subsidies, health maintenance organizations, special education) were much more contentious. These programs were directed at special groups with little political clout and mandated new kinds of services. States and localities usually tried diverting the funds to more general purposes. Then federal officials tightened the guidelines. Cooperation took time and effort.

Peterson and his coauthors concluded that federal development programs were unnecessary, except in occasional cases where the benefits spilled across state borders in a major way. In general, these programs would be undertaken by states and localities and run in much the same way without federal prodding. The "redistributive programs," however, accomplished national purposes that states and localities were resisting and would not have addressed without persistent intervention from Washington. The authors urged refocusing federal domestic policy to emphasize redistribution while confining federal economic development efforts to a few special cases.

This analysis suggests a major worry about "dividing the job," often expressed by traditional liberals, that states will neglect the less fortunate, particularly by retreating from federal efforts to improve the life chances of poor children. The fear has some basis, but poor and minority young people will not be left out if states play an aggressive role in economic development. Improving education, skills, and opportunities for the future labor force necessarily involves concentrating on the futures of low-income and minority young people, because they will make up such a large part of that labor force. Indeed, effective action to improve the skills and job prospects of the poor, especially young people, seems more likely if it is seen as essential to community and state economic development than if it is seen as federally funded redistribution policy.

Moreover, "dividing the job" does not involve federal abandonment of the poor. Low-income people would benefit most from universal health insurance. Most uninsured workers are in low-wage jobs, and one of the barriers to leaving welfare is fear of losing medicaid without gaining employer-provided health insurance. The federal food stamp program and joint federal-state funding of AFDC would also remain.

Two Previous Attempts to Sort Out Responsibilities

The idea of reexamining federal and state responsibilities is, of course, not a new one. In the 1970s and 1980s, concern with the proliferation of grants and the confusion of state and local roles led two presidents to propose new ways of sorting out the jobs.

Nixon's New Federalism

The administration of President Nixon, at least until it was paralyzed by the Watergate scandal and the ensuing impeachment proceedings, put unusual emphasis on improving the efficiency and effectiveness of government. Nixon's first term (1969–73) was a high watermark for White House concern with evaluation of program results, experimentation with policy innovation, and serious discussion of alternative ways of structuring responsibilities—both within Washington and between the federal and state levels—to make government work more efficiently.

Nixon's conservative ideology led him to emphasize sorting out federal and state functions more clearly, a concept he called New Federalism. He espoused a stronger role for the federal government in income maintenance and health care, although neither his family assistance plan nor his health proposals ever passed Congress. He believed in returning decision-making power to the states by cutting the number of categorical grants and providing federal aid to the states with fewer strings. In addition to general revenue sharing, he proposed a series of consolidations of categorical grant programs called "special revenue sharing." One hundred and twenty-nine separate programs were to be grouped into six block grants that the states could use for broad purposes such as education, transportation, and law enforcement, with relatively little interference from Washington.

The block grants had little success in Congress. Lobbyists for existing categorical programs fought to preserve their separate identity. In the end, only two of the proposed block grants were enacted, both in somewhat altered form. The Comprehensive Employment and Training Act of 1973 pulled together various manpower training programs, most enacted in the 1960s, into a single grant. The community development block grant program, which subsumed model cities and other funds for urban renewal, was passed by Congress and signed by President Gerald Ford in 1974.

The Reagan Swap Proposal

President Reagan's first year was dominated by his dramatic budget proposals (see chapter 6). Then in his second State of the Union address in 1982, Reagan announced another drastic set of proposals, a series of "swaps" designed to sort out federal and state roles more clearly and reduce the number of categorical grants. The swap proposals, ill timed and ill thought out, met with strenuous opposition, not only in Congress, but in some parts of the state and local community as well. One salient feature was federal assumption of the full costs of medicaid in exchange for devolution to the states of the AFDC and food stamp programs. Such an exchange would have reversed the 1970s trend toward greater federal responsibility for welfare programs, reflected in the growth of the federal food stamp program and the creation of supplemental security income for the elderly, blind, and disabled poor in 1974. Most governors could see only fiscal catastrophe in agreeing to take on the full costs of AFDC and food stamps, especially in the recession year of 1982. If they had focused on the rapid escalation of medicaid costs that was already beginning to strain their budgets and worsened later in the decade, they might have found Reagan's deal more attractive.

Another feature of the swap was federal devolution of a diverse set of forty-four programs (125 separate grants) to the states in return for phasing out a group of federal taxes (alcohol, tobacco, and telephone taxes, part of the federal gasoline tax, and a windfall profits tax on oil and gas sales). Revenues from the designated taxes were initially to be deposited in a trust fund for the states, but the taxes themselves were to be reduced gradually and eliminated by 1991. If the states wanted to replace the lost federal revenue, they would have to raise their own taxes. States and localities, already adversely affected by recession and reductions in federal grants, were not enthusiastic about the swaps. After considerable negotiation and attempted compromise, the idea died.

Since President Reagan's ideas about federal-state relations bore some similarity to President Nixon's, both came to be described by the Nixon term, New Federalism. Both emphasized decentralization and restoring decision-making authority to state and localities. However, the Nixon proposals, especially revenue sharing, involved increases in the amount of money flowing from the federal treasury to state and localities. Reagan's intention, by contrast, was to reduce domestic spending at all levels. Nixon's revenue sharing program was eliminated and other grants were reduced. Reagan believed that devolving responsibilities to the states, especially for social programs, would lead to less total government spending because state and local taxpayers would be less willing than federal ones to foot the bill. His expectations were not realized, however. The federal retreat energized state and local government and led to higher state and local taxes.

How "Dividing the Job" Differs

"Dividing the job" differs from both the Nixon and Reagan proposals. Moreover, changing economic and political circumstances make fundamental restructuring of the federal-state relationship both more necessary and more feasible in the 1990s than it was in the 1970s and 1980s.

"Dividing the job" involves devolution of whole federal functions to the states. The Nixon proposals, by contrast, merely combined specific categorical programs into more general block grants and perpetuated joint federal-state responsibility for the function in question. The Reagan plan did devolve specific programs, but did not offer any clear division of responsibility between the two levels.

The Reagan package would have diminished states' financial resources and added to the pressure on states to reduce services. The Nixon plan was more attractive to the states because it included general revenue sharing. However, as state officials are all too aware, GRS proved a fleeting boon. My proposal for common shared taxes, discussed in chapter 8, promises a more permanent and secure footing for state financing.

Moreover, restructuring the federal-state relationship is more urgent in the 1990s than it was even a decade ago. The lagging economy must be revitalized and the federal deficit eliminated. "Dividing the job" is an attempt to improve the chances of attaining both objectives.

Notes

1. Paul Krugman, *The Age of Diminished Expectations: U.S. Economic Policy in the 1990s* (MIT Press, 1990), p. 193.
2. David R. Beam, "Reinventing Federalism: State-Local Government Roles in the New Economic Order," paper prepared for the 1988 annual meeting of the American Political Science Association.
3. Beam, "Reinventing Federalism," p. 16.
4. Paul E. Peterson, Barry G. Rabe, and Kenneth K. Wong, *When Federalism Works* (Brookings, 1986).

The Higher Education Act of 1992 Skills, Constraints, and the Politics of Higher Education

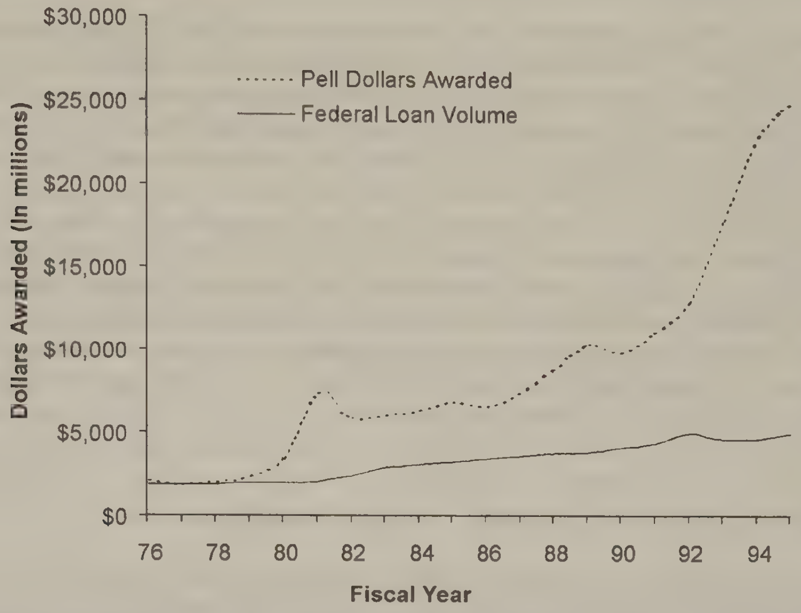
Susan B. Hannah

The 1992 reauthorization of the Higher Education Act (HEA '92) is a case study in the consequences of an incremental and fragmented federal policymaking process. HEA '92 is important because it authorized what by now is more than three-quarters of all financial aid available to students enrolled in postsecondary education in the United States (College Board, 1993). And the politics of HEA '92 are important because they resulted in a significant shift in federal policy from an historic commitment to promote access to postsecondary education through grants based on need to a broader strategy of insured loans regardless of family income.

The policy reorientation culminating in HEA '92 reflects the fragmented institutional structure and pluralistic civic culture of the American political system. Incremental decision making means that only unusual coalitions can produce policies that deviate significantly from the status quo. Similarly, the uneven distribution of resources means that only exceptional conditions can produce and maintain policies like need-based grants, which reallocate wealth to the disadvantaged. Such unusual coalitions and conditions simply were not present in the reauthorization of HEA '92. Shifts in the relative power of influential actors and constraints in the political, economic, social and intellectual environment surrounding HEA '92 prevented the mobilization of forces strong enough to stem the moderating tide. Figure 1 tells the story at a glance: the already widening gap between grants and loans increased exponentially with the adoption of HEA '92.

In their study of the important 1972 amendments to HEA, Gladieux and Wolanin (1976) characterized the higher education policy process as "incremental in three senses: It occurs within the limits of a slowly evolving political culture; it is built on and related to existing policy; and it draws from existing policy models." Within this evolutionary process, specific policy outcomes are shaped by the "skills and intentions" of key participants and the "constraints and crosscurrents" of the political environment in which they work (pp. 257, 265). The reauthorization of HEA in 1992 reaffirms this incremental and environmentally and politically constrained decision-making pattern.

The first section of the article reviews the conditions necessary for producing and sustaining significant policy change in the federal policy process. The second section uses the history of HEA to illustrate the rise and fall of such conditions in the evolution of higher education financial aid policy. The third section outlines how the "constraints and crosscurrents" of the political environment and the "skills and intentions" of principal actors led to HEA '92's specific policy outcomes. A final section speculates on the future.



Sources: ACE/DGR based on data from Loan Programs Data Books, Pell Grant End-of-Year Reports, and unpublished data from U.S. Department of Education. *Higher Education and National Affairs,* 26 September 1994, p. 1.

FIGURE 1. Impact of HEA '92 on the Imbalance between Grants and Loans: Federal Loan Volume and Pell Grant Dollars

Based in Washington D.C. in the Fall of 1992, 1 was fortunate to have the cooperation of a number of key HEA participants, interviewing more than fifty Congressional staff, higher education association lobbyists, Department of Education and White House officials, and policy consultants who were directly involved in the reauthorization process. I asked them to talk about the critical steps, issues, and players whose positions were included in the final bill and why. Approached when events were still fresh, they provided documents and eye witness accounts that greatly enriched my understanding and gave me a new appreciation of the power of ideas and environment as well as individual action on shaping policy options. I filled out the story from an online legislative history (Legi-Slate, 1992), House, Senate, and conference committee reports; tracked HEA'92 through releases of *Education Daily* ("The education community's independent daily news service"), and association newsletters (e.g., American Council on Education's *Higher Education & National Affairs*); and worked from special studies and reports prepared by the Department of Education, Congressional committee staff, and higher education associations. The responsibility for the version here, of course, is my own.

The Higher Education Act was initially passed in 1965 as an omnibus bill authorizing a variety of institutional, student, and programmatic aid programs for higher education. It was substantively amended in 1972 and reauthorized in 1980 and in 1986. By 1992 HEA accounted for 74% of all financial aid available to students enrolled in postsecondary education in the United States, thus making it perhaps the single most important piece of legislation affecting higher education (College Board, 1992). In terms of total outlays, the federal financial support for higher education is shared between grants for university-based research and allocations for student financial aid programs. For FY 92, federal funding for university-based research totaled $15.7 billion, authorized by dozens of pieces of legislation and administered by at least seven federal departments and agencies (U.S. Department of Education, 1993). By comparison, HEA expenditures in FY92 were more than $18 billion and generated another $14.9 billion in federally insured parent and student loans, all administered by the Department of Education (College Board, 1992).

Approximately 97% of HEA funding is appropriated under Title IV, Student Assistance. For the school year 1991–92, $13.7 billion was lent to more than 4.7 million students enrolled at 8,100 eligible institutions under Title IV's guaranteed student loan programs (GSL) (College Board, 1992). Since its initial passage, HEA has authorized more than $114 billion in loans to 20 million students, with $55 billion outstanding by the time of the 1992 reauthorization (McAdam, 1992).

The other ten HEA '92 titles concern school-college outreach partnerships, academic library enhancement, teacher recruitment and education, foreign language training and international education, construction and improvement of academic facilities, cooperative education, graduate grants and fellowships, postsecondary improvement initiatives (including the Fund for the Improvement of Postsecondary Education), student participation in community service, Indian higher education programs, and the commissioning of studies on various aspects of higher education financing and effectiveness (Schenet, 1992).

Key Elements in the Federal Policy Process

Students of the federal policy process have identified a number of "constraints and crosscurrents" which shape the dynamics of policymaking in a given area: the structure of the decision-making process; the number of active participants; the nature of the broader economic, social, and intellectual environment; and the impact of the policy outcome itself all affect the policy result (Ripley and Franklin, 1990; Rourke, 1984; Lindblom, 1989; Lindblom and Woodhouse, 1993; Berry, 1989). Understanding the relationships among these critical factors goes a long way toward understanding the outcome of HEA '92.

Structure. The structural fragmentation of the American policymaking process invites wide participation and is open to broad environmental influences. "Countless" sources of influence impact a "highly relative and pluralistic decision-making system characterized by compromise, incrementalism and continual adjustment, yet subject to biases in one direction or the other" (Jones, 1984, p. 35). The net result is a policy process that reflects our historical concern with personal liberty rather than effective government and works against policy change: it is easier to get government to desist than to act (Lindblom and Woodhouse, 1993).

Participants. A particular policy outcome, however, reflects the preferences of participants whose political resources at the moment of formal decision—authority, access, constituency, ideas, and strategy—enable them to influence the final choice. Ripley and Franklin (1991) argue that the very openness and "sheer complexity" of the fragmented decision-making process have the ironic result of producing a myriad of discrete public policy arenas dominated by exclusive "subgovernments" composed of the most active players. These subgovernments are made up of individuals who hold senior and institutionalized decision-making positions or are long-term interest representatives. Committed to current policies they helped to devise, they are slow to change, more responsive to special interests than to general interests and to the privileged than to the underprivileged.

Berry (1989) believes that the recent "advocacy explosion" of interest groups, the continuing decentralization of congressional decision making, and increased politicization of executive branch offices could transform exclusive subgovernments into more pluralistic issue networks. Such transformations, however, will not necessarily challenge the incremental and conservative mode of the end result. "Upper- and middle-class interests," Berry concedes, "will always be better represented" (p. 195).

Policy process analysts agree that the more a policy area is dominated by a small group, the more that significant policy change requires an "intense commitment of political leadership," usually from outside the circle of currently active participants and supported by a broad national consensus. The president, his key policy staff, and his political appointees in the responsible agency, occasionally joined by members of congress outside the dominating policy circle (especially those seeking a national constituency), participate sporadically but are more likely to be the ones to propose substantial ideological or programmatic policy change. Mobilized as ad hoc coalitions and driven by ideological or program commitments, these forces for change face strong opposition from the more institutionalized and specialized participants who support current policy (Ripley and Franklin, 1991).

Environment. Lindblom and Woodhouse (1993) usefully remind us that, whoever the formal participants (referred to as "functionaries" in their analysis), they "often serve as lenses through which are refracted diverse pressures, ideas, questions, problems, and policy options, emanating directly and indirectly from countless sources" (p. 4). Thus any study of policymaking should pay equal attention to broader influences, including the limits of human reasoning, the tension between analysis and power, the special role of business, and the extent of socioeconomic and political inequality in American society. The state of the economy, political power, social demands, and public ideas significantly direct policy choices.

Policy Issues. The nature of the policy issue at stake has its own conditioning impact on the policy process. Redistributive policies that transfer value to the less advantaged at the expense of the more advantaged require the convergence of significant forces (Ripley and Franklin, 1991). The initiation of basic "educational opportunity" grants for postsecondary students "with exceptional financial need" in HEA '65, for example, required presidential leadership, congressional support, a broad national constituency in the "war on poverty," the momentum of the civil rights movement, and a growing economy that could afford redistribution.

The political energy necessary to create such redistributive policies is seldom sustained. Gradually the more institutionalized forces, buttressed by external pressures for more widely distributed government subsidies, spread the wealth more evenly; grants are minimized and loans expand and the transformation of HEA '65 to HEA '92 is complete.

History of the Higher Education Act

HEA 1965. When HEA was initially adopted in 1965, the Democrats controlled the White House and Congress and had mobilized public support for dramatic changes in domestic policy on behalf of "The Great Society." Overshadowed by Medicaid, the Voting Rights Act, and the Elementary and Secondary Education Act, HEA was passed with little debate and signed by President Johnson at his alma mater, SW Texas State College, in November 1965. Incremental even then, HEA '65 brought together a variety of existing student aid programs designed to meet earlier national educational needs. The federal work-study program, for example, began during the Depression to help students pay for college; the 1944 GI Bill allowed returning veterans to continue their education and met twin national goals of obligation and economic development; World War II produced a student loan program in disciplines with manpower shortages; the National Defense Education Act (NEA) of 1958 provided grants and loans to students in education and the sciences as a national defense response to Sputnik; and President Kennedy introduced what became the National Education Facilities Act of 1963 to help universities cope with the resulting enrollment boom.

Even the issue of access for low income students was not new. President Truman's 1947 Commission on Higher Education had issued a stirring challenge to make "Equal education opportunity for all persons . . . a major goal of American democracy." Reaffirmed by a similar Eisenhower administration study, the goal of equal opportunity foundered on old debates over redistribution from state to church, public to private, and rich to poor. Struggling to control the growing civil rights movement, President Kennedy proposed need-based grants in the name of "equal opportunity" in 1963, but his ideas were dropped in the Senate over old concerns about redistributing funds from rich to poor and from public to private institutions (House Report, 1992; Wolanin and Gladieux, 1976).

By 1965, however, the players and the environment had shifted. Concerns about redistribution were swept away by recasting the issues of equal opportunity in terms of civil rights and the national war on poverty. Congress followed President Johnson's lead in launching a variety of efforts to make it possible for able students from disadvantaged backgrounds to go to college. Franklin and Ripley argue that the enactment of general-purpose aid for needy students was possible because "the redistributive focus was shifted away from race and religion to poverty; and the distributive features were emphasized" (Franklin and Ripley, 1991, pp. 144–147).

Written as an omnibus bill authorizing a number of separate programs (an efficient way to make policy in a highly fragmented system and to "hide" redistributive initiatives in a string of more acceptable distributive programs) promoting access to higher education, HEA '65 inaugurated new federal "educational opportunities grants" for students "with exceptional financial need" along with a number of more familiar student aid programs. HEA '65 made work-study a permanent part of federal higher education policy, created a federally subsidized Guaranteed Student Loan (GSL) program for families with moderate incomes, and incorporated Upward Bound from the Poverty Program to recruit and support needy minority students (Wolanin and Gladieux, 1976; McAdam, 1989).

1972 Amendments. The access goals of HEA '65 were strengthened through various enhancements in the late 1960s, culminating in the far-reaching 1972 Amendments. HEA '72 established equal opportunity as the principal focus of federal policy toward higher education, thereby deciding the long debate over institutional versus student aid in favor of students. The '72 Amendments created a system of federally funded Basic Educational Opportunity Grants (BEOG), to be supplemented by matching State Education Opportunity Grants (SEOG), to assure every able and needy student a set amount of aid to help meet college costs.

The 1972 Amendments kept HEA 65's need-based work-study, BEOG, and GSL loan programs and chartered the Student Loan Marketing Association (Sallie Mae) to purchase current GSLs in order to generate more student loan capital. "Postsecondary education" was expanded to include noncollegiate career preparation and occupational education offered in community colleges and proprietary institutions. Other significant '72 initiatives included attempts to hold higher education more accountable as federal support increased. Reform efforts included the Fund for the Improvement of Postsecondary Education (FIPSE), requests for better information bases on higher education finance in the Department of Education, and requirements for uniform institutional accounting standards (Wolanin and Gladieux, 1976).

HEA '72 ushered in a decade of Democratic control in Congress and bipartisan support for education in the White House. The result was a steady expansion in both eligibility and participation in federal student aid programs. Amendments expanded loan eligibility, increased federal insurance guarantees, renamed the BEOG in honor of its original sponsor, Senator Claiborne Pell (D-RI), extended eligibility to all needy full-time and part-time undergraduates, supported the creation of state loan guarantee intermediaries, raised loan limits, and created new parent loan programs. The momentum culminated in President Carter signing the Middle Income Assistance Act of 1978, which essentially removed income as an eligibility requirement for federally subsidized loans for postsecondary education (McAdam, 1989).

HEA in the '80s. The 1980s, however, inaugurated a new phase of federal-higher education relations reflecting divided partisan control in Congress and an anti-education stance in the White House. The end of the decade added a preoccupation with the growing federal deficit. Democratic supporters of HEA in Congress worked to focus the 1986 reauthorization on minor points of implementation in fear of White House intervention if access issues were emphasized. The 1986 HEA Reauthorization and Budget Reconciliation Acts in 1988 and 1990 raised loan limits and interest rates, but also reinstituted income caps for GSL, tightened loan disbursement and collection procedures, and added restrictions on students, lenders, and institutions to deal with the alarming increase in defaults. The 1988 Amendments renamed the GSL program for Senator Robert Stafford. And the 1990 Budget Enforcement Act further restricted expansion by requiring "pay-as-you-go" provisions for any new direct spending proposals (McAdam, 1989; Schenet, 1992). Preparation for the 1992 HEA reauthorization, therefore, began with a legacy of access compromised by a decade of divided political power, anti-education sentiment, and more severe budget restrictions.

Goals for HEA '92. Representative William D. Ford (D-MI), chair of the House Labor and Education Committee, reassumed the chair of its Subcommittee on Postsecondary Education in preparation for his fourth HEA reauthorization in January 1991. In a speech to the Coalition of Higher Education Assistance Organizations later that month, he told his audience that since the last major changes in 1972 "(HEA) programs have grown and evolved without a clear plan or logic. Today they are less like a carefully integrated and well balanced structure and more like a coral reef, a convoluted mass that has grown by accretion" (Ford, 1991).

Not only had HEA lost its integrated design to "accretion," Ford contended, the aid program had also lost its original purpose. As conceived in 1965 and reaffirmed in 1972, HEA's financial aid programs were intended to provide access to postsecondary education for all Americans "with the talent and ability to benefit" through a system of grants for financially needy students and loan subsidies for students from families with moderate incomes. Over the last twenty years, however, rising college costs, expansion of eligibility, enhancement of loan programs, and flat appropriations for grant programs had combined to shift federal support from direct grants to loan subsidies.

The goal for 1992, Ford hoped, was "a thorough reexamination of all the (HEA) programs" with the goal of "enhancing postsecondary educational opportunities for Americans." He called for participants to "put everything on the table and make major and fundamental changes where they are called for." Well aware, however, of the center pull of the normal policymaking process, Ford recognized that "we have only been able to make major changes and major advances in higher education policy when the congress and the administration work in cooperation and partnership." It would take "a major reauthorization initiative from the Administration" to mount such an effort (Ford, 1991).

This article is about why that did not happen. Not only did HEA '92 result in further "accretion," the new layers continued to move HEA further from its redistributive legacy of access for needy students toward a distributive policy of subsidy regardless of income (Jennings, 1993).

"Crosscurrents and Constraints" for HEA '92

The 1992 Reauthorization Agenda

The nature of the policy issues on the 1992 reauthorization agenda, particularly their distributive or redistributive options, shaped the process and constrained the outcomes. House and Senate subcommittee leadership and staff began preparing the 1992 HEA agenda as soon as the 1986 reauthorization was completed. Speaking and writing at higher education conferences and in journals and newsletters, key Hill players publicized their agendas and their preferences. In the spring of 1989, key participants—such as the American Council on Education (ACE), the Department of Education (ED), the National Association of Student Financial Aid Administrators (NASFAA), the federal Advisory Committee on Student Financial Assistance (ACSFA), and the National Council of Higher Education Loan Programs (NCHELP)—initiated extensive internal processes for developing reauthorization proposals. Representative Pat Williams (D-MT), then chair of the House Postsecondary Education Subcommittee, began the formal public preparation phase by calling hearings in the spring of 1990 to identify major issues and policy options.

The issues for the 1992 reauthorization were generated by the impact of earlier HEA provisions on a shifting social, economic, and political environment. College costs grew at a rate that outpaced inflation; Pell grant allocations were virtually flat; and the participation of students enrolled in proprietary schools in the GSL program increased five times. One consequence was a significant decline in the ability of low and moderate income students to attend college without incurring considerable debt. Another was evidence of substantial fraud and abuse in the GSL programs. Real growth in enrollments during the period also meant growth in all federal aid programs, although with only moderate improvement in minority participation. Complaints about the complexity of aid application and administration processes amplified. Rising costs effectively squeezed out many moderate income students who could neither meet existing needs tests or afford to pay outright. At the same time, increasing costs devalued the Pell grant for low-income students, further restricting access (Schenet, 1992).

By the time Representative Ford reassumed the chairmanship of the Subcommittee on Postsecondary Education in January of 1991, the higher education "issue network" already shared a consensus about what the major reauthorization issues would be in 1992: the grant/loan imbalance; the needs of middle-income and working families; abuse and default rates in student aid and loan programs (referred to as "program integrity"); the aid application process; and efforts to attract more disadvantaged students to college (Johnstone, Evans, and Jerue, 1990; ACE, 1991; Ford, 1991).

Grant/loan imbalance. As a result of rising college costs and declining federal support during the 1980s, student loans had replaced grants as the dominant form of federal student aid. In the mid-1970s, about 76% of federal student aid was awarded in grants and 20% in loans; by the mid-1980s the proportions were reversed, with 67% going to loans and only 29% to grants. The imbalance was increased by the decline in the purchasing power of the Pell Grant, which had paid 46% of the average cost of attendance at a four-year public college in the mid-1970s, but now paid only about 30%. Combined with the impact of rising college costs, the gap between the annual Pell appropriation and actual costs had widened steadily (Schenet, 1992; College Board, 1992).

Ford's solution was to raise the maximum and make grants an entitlement rather than an annual appropriation; President Bush's initial preference was to raise the maximum and restrict eligibility only to the neediest students. Ford's inability to attract Congressional support for his position and Bush's intransigent opposition to the entitlement concept proved to be one of the most contentious issues that framed the reauthorization debates.

Middle-income students. Rising college costs combined with increasing restrictions on eligibility for federal aid to squeeze out middle-income students who could neither qualify for support nor afford to pay outright. During the 1980s, the average cost of college attendance rose about 45%, median national disposable income increased about 15%, and federal nonresearch aid actually declined (Hartle, 1990; Senate, 1992). Democrats and Republicans alike saw the issue as an opportunity during a presidential election year and proposed a variety of modifications throughout HEA, particularly in expanded eligibility, on behalf of the middle class.

Program integrity. By FY91, Stafford loan defaults had risen to an estimated $3.6 billion a year, more than half of the annual program costs and an increase of nearly $2.5 billion since 1986 (Senate, 1992; CRS Brief, 1992). Earlier warnings from ED's Office of the Inspector General (OIG) had generated rule changes at ED and loan restrictions in the Budget Enforcement Acts of 1988 and 1990. Senator Sam Nunn's (D-GA) Permanent Subcommittee on Investigations released its widely publicized finding that the GSL program was "plagued by fraud and abuse at every level" in the midst of the reauthorization hearings in the spring of 1991.

Proposed solutions varied from eliminating nondegree institutions to increased state and federal oversight. Ford called the elimination proposal sponsored by traditional higher education institutions "class warfare" and turned instead to strengthening the "triad" of regional accrediting bodies, state review agencies, and federal oversight through the Department of Education. Higher education lobbyists initially supported greater state review only to have to return to the Hill to appeal for limitations under pressure from their alarmed constituencies. These late appeals weakened the credibility of traditional higher education groups and compromised their ability to influence other, initially higher priority, issues such as eligibility and needs criteria. The bipartisan consensus generated by the Nunn Hearings and continuing default reports from GAO, however, bent only slightly; the long-predicted first steps toward greater accountability and more federal control were written into HEA '92.

Simplification. The complexity of the layered federal aid program had itself become a barrier. The "free" federal application form was burdened with additional questions and fees; grant and loan programs used different formulas to determine need; and the introduction of state loan guarantors and secondary markets added more fees and levels of oversight. Proposals focused on simplifying the application form, adopting a single needs formula, merging the various grant and loan programs, and eliminating "middle men" such as banks and guarantee agencies.

The application "delivery system" issue generated an emotional debate between the major vendors and proponents of a single, free federal form. Developing one needs formula, within budget limits, generated its own drama, setting factions of the higher education community against each other and ending with vows for further revision in the next Congress. Proposals to merge programs fell victim to more politically visible issues and concerns that the result would be less funding for everyone. Simplifying the loan process became a major issue in itself.

Direct loans. By 1992 the GSL program had been shaped by 19 major education acts, eight major tax bills, and eight budget bills. The result was an elaborate multi-tiered system involving five kinds of loans, more than 7,500 educational institutions, about 7,800 commercial lenders, 35 secondary marketers, 46 state or nonprofit guarantee or loan services agencies, and ending in innumerable international capital markets. Theoretically the entire system was overseen by the U.S. Department of Education (GAO, 1992). The "direct loan" concept, discussed by various aid and tax groups since the 1970s, was to eliminate everyone but the student, the postsecondary institution, and the federal government in the loan process. Different versions would have students repay through national service, on an income contingent basis, and/or through the Internal Revenue Service (GAO, 1992; Schenet, 1992).

The strongest direct loan proponents included NASCLGU (whose lobbyist led the support campaign), and high profile senators such as Simon (R-IL), Durenburger (R-MN), and Bradley (D-NJ), who attached a version to the 1991 Tax Bill which passed the Senate but failed in conference. Leading House supporters, such as Ford, Petri (R-WI) and Andrews (D-NJ), saw the potential savings as a way to fund grant entitlement and to complement income contingent loan repayment proposals.

Direct loan opponents included lending institutions such as banks, secondary marketers and loan services such as the federally chartered Student Loan Marketing Association (Sallie Mae), and state guarantee agencies whose role would be significantly reduced in the loan process, Senator Pell and his staff who were worried about ED's ability to implement such a program, and, after an initial internal debate that delayed the announcement of an administrative position, President Bush, Secretary Alexander, and OMB. Facing the loss of millions of dollars of fees on essentially no-risk loans, aggressive (some would say strong-arm) lobbying on behalf of the banking industry was effective. Bush's threat to veto HEA over direct loans forced Senate and House supporters to compromise on a pilot; even then, it took a last-minute appeal by House Republicans to get the president to sign HEA in July 1992. Clearly the direct loan debate was just beginning.

The Federal Deficit

The growing federal deficit became the most pervasive constraint on reauthorization, dooming Ford's call for a "thorough reexamination" of all HEA programs and reinforcing demands for stricter accountability. Terry Hartle, then education staff director of the U.S. Senate Committee on Labor and Human Resources (later to become the American Council on Education's senior vice president for governmental affairs, see "incest group" below), warned in *Change* magazine as early as January 1990 that, "The most important short-term economic issue today is the enormous federal budget deficit. . . . Virtually all public policy debates revolve around this issue. Until the deficit is reduced, it will be difficult for the federal government to launch new initiatives (especially nondefense initiatives) or to increase funding for existing policies" (*Change*, January/February 1990, pp. 32–33). With key Democratic leadership and most Republicans concerned about the growing deficit, the 1990 Budget Enforcement Act's "Pay-as-you-go" restriction forbidding new costs without a reallocation of funding became the ultimate standard in selecting policy options during final reauthorization negotiations. Controversial changes, such as Ford's proposal to make Pell Grants an entitlement, and even compromise changes, such as state oversight of Title IV institutions, were rejected or limited on grounds of cost.

Presidential Election Year

A third significant constraint on reauthorization was the 1992 presidential election. Once the process spilled over into 1992 (HEA simply was not a high enough priority item to hold its place on the Fall 1991 Congressional docket), presidential election year themes took precedence. The goal of redressing the grant/loan imbalance in the interest of helping needy students, for example, lost ground to the more politically attractive goal of helping the middle class. Democratic strategists had already decided that the Republicans were vulnerable on the middle-class issue (the Republican sponsored reinstatement of income eligibility for the GSL program in the 1980s was an example). Once the possibility of a competitive presidential election seemed real, both parties made the middle-class theme second only to the budget deficit as an HEA policy criterion. Given this electorally induced consensus, HEA '92 would prove a boon to middle-class students. At the end of reauthorization, Ford actually released a statement listing middle class benefits.

Although not yet the presidential candidate, Bill Clinton's support for the concept of direct loans and repayment through national service or income contingent schedules was widely known during reauthorization discussions and spurred Democratic hopes and solidified Republican opposition. His ideas also sparked wide national interest, beginning to build the broad national constituency critical for significant policy change to come.

Election year dynamics influenced the reauthorization process as well as policy choices. Following a long election year tradition, for example, House and Senate field hearings on HEA were held in the districts of subcommittee or committee members up for reelection—as much to provide the member visibility as to gather testimony. Timing was also important. Democratic leadership pressured the HEA Conference Committee to complete its work prior to the Democratic Convention scheduled to begin in early June; conference staff worked intensively through April and May; public markup was held 11 June; and the Conference Committee reported on 16 June, right on schedule.

Ford also used the presidential campaign to challenge President Bush's threat to veto the final HEA bill over the direct loan issue. Ford made it clear that if Bush vetoed the bill in July, he would not begin the legislative process again, leaving millions of students without funding when school opened in September and challenging Bush's claim to be "the education president."

Public Attitudes toward Higher Education

HEA was particularly vulnerable to the crosscurrents of environmental forces such as the budget deficit and presidential year politics in 1992 because of a widespread decline in public confidence in the special status of higher education in the United States. Public questions about why the cost of tuition was rising faster than inflation; extensive media coverage of scandals in college athletics; lurid reports of growing crime on campus; embarrassing revelations about campus uses of indirect cost revenues; confessions of research fraud at prestigious research universities; widely distributed studies showing the decline in teaching productivity; sensational reports of the weak cognitive abilities of graduates; glossy marketing materials bragging about low to nonexistent entrance requirements; emotional public debates on the incoherence of the curriculum; aggressive media exploitation of "political correctness" on campus; and horror stories about loan abuses and default rates publicized during the Nunn hearings early in the reauthorization process—all generated a significant credibility gap for higher education.

Congress was not immune to this negative press. Rick Jerue, Counsel for the House Labor-Management Relations Subcommittee (and former staff director for the House Postsecondary Education Subcommittee, see "incest group") noted that few members of Congress really understood how higher education institutions work: "Their impressions [are] anecdotal." Members read about athletic abuses in the sports pages and saw them "as indicative of (broader) management problems." The May 1991 reports of universities overcharging for research "couldn't come at a worse time," lamented C. Ronald Kimberling, former assistant ED secretary for postsecondary education and now executive vice-president of a California-based trade school chain, "There's potential for an erosion of public trust in higher education." Such adverse publicity, Jerue concluded, "focuses more attention on colleges and that normally spills over onto major pieces of legislation" like HEA, resulting in increased measures of accountability and funding cuts.

Public Ideas

Several interview sources observed that policy analysts do not give enough credit to Woodrow Wilson's observation that "nothing is so powerful as an idea whose time has come" when they attempt to model the policy process. Reauthorization was no exception. One of the most powerful public ideas affecting HEA '92 was the notion of individual responsibility. The new generation of Democratic leadership joined Republicans in suspicion of "handouts" like grants; welfare reform was in everyone's platform. The idea of government support, "something for nothing," was out; "Personal responsibility" and "accountability" were in. Relevant to HEA, Ford and Pell, who had come to power with HEA '65 and the "Great Society," had themselves gone to college on its predecessor, the GI bill. Younger Congressmen and candidates, however, had borrowed their tuition. In the end, Ford could get no more than 135 House Democrats to support the concept of Pell grant entitlement.

Bottom line, the crosscurrents and constraints of the political, economic, social, and intellectual environment worked against those who wanted to restore HEA's commitments to needy students and in favor of those who sought support through a broader constituency. Loans could leverage federal dollars four to one argued those concerned about cost. Income restrictions meant the middle class itself was effectively being denied access, contended those with an eye to the election. Everyone agreed the process was much too cumbersome. Some, hardened by higher education's public flaws, argued that the inevitable increase in accountability was long overdue. Given this environment, one might argue, the actors had few options.

"Skills and Intentions"

The "skills and intentions" of major actors, however the environmental cards were dealt, determined how they were played. Three major clusters of players were active in HEA '92: (1) a legislative cluster of the relevant congressional authorizing and appropriating subcommittee and committee members and their staffs; (2) an administrative cluster including the president, the Department of Education, the Office of Management and Budget, and the Executive Office of Policy Development; and (3) a loose cluster of affected interest groups including (a) the higher education "community" of associations and lobbying firms representing higher education institutions and programs in Washington, and (b) a coalition of financial organizations, professional associations, and lobby firms whose private and public sector agency members service HEA's student aid programs.

The cast of actors shifted slightly with each issue depending upon whose interests or policy preferences were at stake. By any standard, however, the higher education network in Washington is closely knit, fully qualifying in Lewis's (1977) term as an "incest group." Most of the participants have been involved with higher education policy development and administration since HEA was adopted; many have worked in more than one cluster; and all have strong opinions about HEA options and about each other.

Power shifts, such as the assumption of Republican control of the Senate in 1981 or of Ford's return to the chairmanship of the House Postsecondary Education Subcommittee in 1991, initiated a domino effect: Hill staff move from one education committee to another or out into the lobby world or to ED or to the White House Policy staff. These long-term and shifting relationships heightened the impact of personality and style on the actual conduct of reauthorization and shaped policy outcomes.

Legislative cluster. By all accounts, the 1992 reauthorization process was dominated by the chairs, members, and staffs of the relevant House and Senate authorizing committees and subcommittees concerned with higher education. In both Houses, the positional authority of the subcommittee chairs was further strengthened by long service and used to advocate for specific policy preferences. Ford, for example, had chaired the House Committee on Education and Labor and its Postsecondary Education Subcommittee for three previous HEA reauthorizations. His Democratic colleagues in the House freely confessed that they generally left HEA to Ford, saying that he "always takes care of Democratic interests and never gets us into trouble." Exercising firm parliamentary and personal control over both the committee and its subcommittee, Ford used his position to control the HEA '92 policy agenda and to assure the consideration of his proposals on several key HEA policy issues such as grant entitlement and direct loans.

In the Senate, Senator Claiborne Pell (D-RI) had chaired the Subcommittee on Education, Arts and Humanities since 1968 and bears the distinction of having the basic grant program renamed in his honor. Senator Ted Kennedy (D-MA), chair of the parent Labor and Human Resources Committee, has similar long service and special policy interests, enhanced by his close ties to representatives of Massachusetts' higher education, particularly from his alma mater, Harvard University.

Senate committee chairs have less control than those in the House, and Pell had to contend with a larger number of proposals he did not support from his colleagues with their own interests in higher education. For example, Senator Bill Bradley (D-NJ) joined other senators in supporting direct loans based on a conversation he had with a constituent on the plane home one weekend. (Given the election year dynamics, constituent concerns were to be frequently invoked in the reauthorization debate (Browne and Paik, 1993)). In the face of Pell's opposition, Senators Simon (R-IL), Durenburger (R-MN), and Bradley tried a number of tacks to introduce a direct loan provision. They were not successful. Pell's Labor and Human Resources Committee was able to postpone considerations of direct loan proposals from outside members until after the committee bill was introduced to the full Senate. With the exception of a last minute floor challenge from former Duke University president Senator Terry Sanford (D-NC), who protested language on state oversight, Pell and his staff passed the bill they introduced.

Both Ford and Pell gave their staff directors, Tom Wolanin and David Evans, respectively, significant autonomy to develop initial HEA draft proposals and direct the legislative process. And like their chairmen, both staffers had significant HEA experience and used their positions in support of well-known policy preferences. With only a one-year hiatus while he worked in higher education as executive assistant to the president of New York University, Tom Wolanin served as staff to a variety of House and Senate committees since 1975. Wolanin followed his boss Bill Ford to become staff director for the House Subcommittee on Postsecondary Education in 1978–81, 1985–87, and again since 1991, making HEA '92 his fourth reauthorization cycle.

Wolanin's counterpart in the Senate, David Evans, began his career with Claiborne Pell as a staff member on the Subcommittee on Education, Arts and Humanities in 1978, was minority staff director from 1981–87, and has been majority staff director since then. Evans, in turn, delegated significant authority to Sarah Flanagan, a fellow Rhode Islander whose father founded the state's community college system, for developing the initial Senate draft and seeing the bill through conference. As another example of the "incest" among the Washington higher education network, Evans' first staff job was under Jean Frolicher, majority staff director for the Subcommittee in the 1970s, who came to HEW in 1961 and the Hill in 1966, and who was then executive director of the National Council of Higher Education Loan Programs (NCHELP).

Staff influence is inevitable for a bill as complex as HEA. In his book on the HEA 1972 Amendments co-authored with Larry Gladieux (then a Hill staffer and now with the College Board), Wolanin cautioned against overstating the role of staff: "In both the House and Senate, professional staff members, in varying degrees and in different ways, clearly share in the exercise of power. Yet the constraints on staff influence are equally impressive. Whether in the personal office of a Member or on a committee, a staffer always knows that he serves at the will and in the interest of his principal; that is the most important reality of congressional staff work. The staff member's status as hired help is never forgotten" (Gladieux and Wolanin, 1976, p. 89).

Acknowledging that congressional staff work within limits set by their chairs, many HEA participants nonetheless believe that the 1992 HEA reauthorization was unusually staff-driven. The Senate Subcommittee hearings began in February 1991; the House hearings, in March; both were concluded by May. The task of drafting a bill then passed out of the public eye and into the hands of subcommittee staff, each of which worked independently. There were no further hearings to discuss the resulting Senate draft released in May or the House draft released in late September. Ford and Pell and their staffs believed that this strategy allowed maximum opportunity for the higher education community to present its proposals and yet maintained maximum flexibility for legislators in drafting provisions. Representatives and senators could benefit from extensive input, but did not yet have to defend particular commitments. The wider network, however, resented that HEA was written "in isolation" and blamed the internal contradictions of the final legislation on the resulting piecemeal attack.

The domination of staff continued into the conference process. Of the more than 1,500 differences between the initial House and Senate HEA bills, for example, staff brought only a dozen to the full Conference Committee. The rest were settled in consultation among staff and with key participants in other clusters. More than one participant assured me that no recommendation was forwarded to either subcommittee without Wolanin or Evans' approval and that many final conference decisions were settled between them personally. Participants also commented that the personal lives of key staff members significantly influenced the reauthorization process: the pregnancy of a key Senate Committee staff member and the divorce and then new marriage of a central House staff director set the tone of staff-association interactions and influenced the timing of drafts and hearings.

Administrative cluster. The voice of the administration, so critical in the initiation of HEA in 1965, was weakened in the 1992 reauthorization by turnover in administration leadership, the technical approach and poor reputation of the Department of Education (ED), highly publicized policy differences between OMB, key Republican senators, and White House Policy staff on the issue of direct loans, and conflict with Ford over his grant entitlement proposal.

The extent of participation by ED in HEA reauthorization depends upon the priorities of the president and the secretary. During the 1986 reauthorization cycle, for example, President Reagan's anti-ED stance meant that Secretary Bennett's influence was essentially negative. ED sent recommendations only at the end of the legislative process, and Bennett mounted a barrage of media attention to the issue of student loan abuse (allegedly spent on "fast cars and trips to Florida"). Secretary Cavasos and his successor Lamar Alexander, however, wanted ED to be an active participant in 1992. In 1989, therefore, Cavasos asked Charles E. M. Kolb, then deputy secretary, to chair an internal steering committee to develop HEA recommendations. The steering committee sought broad input by sponsoring regional hearings and put a notice in the Federal Register to invite comment.

How ED organized itself to develop recommendations, however, illustrates why policy so often evolves incrementally. The steering committee organized task groups around program areas, resulting in a focus on technical issues in existing programs rather than proposals for broad policy change. The internal ED steering committee, moreover, suffered constant turnover as Sec. Cavasos left and Sec. Alexander came in; only three individuals in ED remained on the steering committee throughout the reauthorization process.

Once approved by the steering committee and the secretary, the department's recommendations were reviewed by the White House Domestic Policy staff, which the steering committee's initial chair, Kolb joined midstream in 1990, and the Office of Management and Budget. Differences of opinion between these offices, with Secretary Alexander at ED and Dick Darmon at OMB opposed to direct loans and Charles Kolb on the White House Policy staff in support, for example, delayed the formal presentation of the Administration's HEA recommendations and further weakened ED's policy influence.

As a result of its technical approach, ED was successful in winning acceptance of a number of its suggestions, particularly on implementation issues (U.S. Department of Education). ED officials participated in many formal House and Senate hearings and even more informal sessions with Hill staff, particularly on the Senate side, during the drafting and conference process. The technical orientation of staff, however, prevented ED from mounting the kind of sustained involvement necessary to lobby for significant policy change.

The climate of political opinion was an additional handicap for ED. Ford and Pell had both personally and publicly taken ED staff to task for not meeting its legislative responsibilities to implement the 1986 Reauthorization of HEA. Accused of a "dismal record" in overseeing loan programs, ED officers were rebuked in public hearings for making no progress toward creating the student loan data base authorized by the 1986 Reauthorization and further embarrassed by the failure to issue regulations implementing its aid provisions even as the 1992 process got underway. Exasperated Hill staff jumped at the suggestion from the equally frustrated higher education community requiring ED to use "negotiated rule-making" to develop the 1992 HEA regulations in the interest of making the rules more timely and more responsive to user needs. ED staff objected, arguing that "re-neg" was inappropriate. With so many counts against it, however, ED lost, and five HEA titles were opened to negotiated rule-making in the final legislation.

Apart from issues concerning ED, conflict between the Hill and the White House over grant entitlement and direct loan proposals only deepened as reauthorization progressed. Ford had earlier proposed making Pell grants an entitlement to avoid what had become annual underfunding. Indeed, GAO announced during the reauthorization debates in Congress that the Pell Grant program was at least $1.2 billion in debt for FY91. Bush signaled his own Pell solution equally early by proposing changes in the FY92 Budget for ED which would raise grant limits significantly but restrict eligibility to only the neediest students. Ford and the higher education community strongly opposed the Administration position, arguing it would eliminate too many students. One OMB official known for his generally liberal views observed that he was in the unusual position of arguing for poor students on behalf of a conservative Republican administration against the liberal Democratic establishment which supported expanding eligibility on behalf of the middle class. Bush would not support an entitlement; Ford would not support restriction on eligibility. With little congressional support for either, both eventually abandoned their positions to the status quo.

The higher education community. The cluster of associations and institutions that speak for postsecondary education in Washington include associations representing higher education institutions, postsecondary professional staff groups, particular postsecondary service or academic programs, and public and private agencies that service student aid programs.

The most visible higher education presence in Washington is the American Council of Education (ACE) which, at the strong suggestion of Representative Ford, coordinated the 1992 HEA reauthorization recommendations of more than a dozen other higher education associations. ACE, with its diverse membership of public and private, two-year and four-year, research and undergraduate institutions, serves as a "peak association" for a coalition of six major presidential associations known as "the Brethren." Chaired by ACE, the Brethren include the National Association of State Universities and Land-Grant Colleges (NASULGC) and the American Association of State Colleges and Universities (AAASCU), which together covered the four-year public universities; the Association of American Universities (AAU), representing an exclusive club of prestigious research and graduate-intensive public and private universities; the National Association of Independent Colleges and Universities (NAICU), including private liberal arts institutions; and the American Association of Community and Junior Colleges (AACJC).

ACE, the six institutional associations, plus some dozen other higher education groups and programs, are members of the National Council on Higher Education (NCHE) and are located in one building at One Dupont Circle in Washington, D.C. As a result of their physical as well as issue proximity, those speaking for higher education in Washington are frequently referred to by their address at One Dupont Circle or simply as "the Community."

The association representing the largest number of postsecondary institutions in the country, however, is noticeably absent from One Dupont Circle. A stepchild within the traditional higher education community, the Career Colleges Association (CCA), formed by the merger of the National Association of Trade and Technical Schools and the Association of Independent Colleges and Schools in 1991, represents more than 2,000 nondegree proprietary postsecondary institutions enrolling more than one million students (Lee and Merisotis, 1990).

Concerning HEA, CCA supported simplification, Pell entitlement, loans for short-term training programs, tighter aid program oversight, and negotiated rule-making, but questioned institutional capability to administer direct loans. Implicated in the growing public concern about loan defaults, however, CCA focused its energies during reauthorization on issues surrounding program integrity and sought to clarify the oversight responsibilities of accrediting agencies, state licensing boards, and ED. Ford rejected ACE's solution of eliminating nondegree institutions from Title IV eligibility as "class warfare," and although not always supportive of CCA, did work to protect the interests of non-degree educational programs as reauthorization proceeded.

Also outside the One Dupont circle, the National Council of Higher Education Loan Programs (NCHELP) was an equally active and effective HEA '92 participant. Led by the widely respected former Senate and DOE staffer Jean Frohlicher, NCHELP represents student financial aid "providers" (e.g., lenders, servicers, secondary markets, bond counsels), and tries to hammer out conflicts internally in order to speak to the Hill and the White House with one voice. NCHELP early supported and expanded Ford's plan to "front load" Pell grants—raising the size of the grant for the first half of the curriculum and moving to loans for the second half—not only as a way to improve access for needy students but also to reduce loan defaults from in-and-out enrollments. When these plans were lost due to budget constraints in the fall of 1991, NCHELP put its considerable clout in support of program integrity and against direct lending where it was more successful. Direct lending proponents dismissed NCHELP's opposition as self-interest, but its staff provided honest criticism of the GAO's claims for savings, of Congressional micro management of ED, which was passed on as overregulation of the industry, and of total reliance on loans with no regard for the consequences to high-risk students. NCHELP's impact on HEA '92 was far-reaching; many of its technical ideas became part of the final bill, and its leadership was proud to claim that President Bush's veto threats were "issued in our behalf."

The Consequences of Preparation

The strategies participants adopted for preparing HEA recommendations illustrate the internal dynamics, and policy consequences, of the Washington higher education issue network. Soon after he reassumed the chairmanship of the House Subcommittee on Postsecondary Education in late January 1991, Ford send a letter to more than 160 associations and organizations interested in higher education, formally requesting recommendations for reauthorization. Proposals were to be presented in three columns—old language, proposed language, and rationale—drafted in formal legislative language and due on 15 April 1991. Ford and Wolanin saw this latter requirement as a way both to focus respondents to offer specific and, hopefully, realistic proposals and to share the tedious task of writing draft language. (An interesting side effect of the legislative language requirement was a contract boom for recently retired legislative drafter Blair Crownover and an advantage for participants such as NCHELP Director Jean Frohlicher and Wolanin himself who could draft legislative language on their own.)

As early as the fall of 1988, ACE organized a brainstorming retreat of key higher education policymakers from Congressional staff, OMB, ED, and the Brethren. In May 1989, Charles Saunders, senior vice president for governmental relations at ACE, convened six broadly representative task forces with the goal of developing a single set of recommendations for the higher education community. ACE took on the responsibility of coordinating a single set of reauthorization proposals at the direct request of Representative Ford. Several participants distinctly recalled the meeting in which Ford asked for one higher education position with the understanding that the stronger the consensus, the more seriously the recommendations would be considered.

The six 1989 task forces, augmented by two others in 1990, included members broadly representative of the higher education community. To some observers, however, the broad participation ended when their recommendations were submitted to a core committee of the Brethren chaired by Saunders. This group hammered out a set of recommendations that were presented to Ford by his April 1991 deadline. These consensus recommendations included a larger maximum Pell grant, indexed to the CPI; changes in Pell eligibility to include more middle-class families and to cover more of the cost of education (which helped higher cost private institutions); a pilot direct loan program; more flexible loan repayment plans; looser oversight regulations for institutions without default problems; tighter federal standards for accrediting agencies; studies of the effectiveness of state oversight agencies; and increased outreach efforts to attract more minority students to postsecondary education (ACE, 1991).

ACE's gatekeeping role had been intentional. When a consensus could not be reached or a recommendation was not seen as politically viable, the Brethren modified Task Force language or were silent. In the case of the Pell award formula recommendation, for example, the consensus was conditional. And the initial ACE document omitted proposals concerning the needs analysis formula entirely, following a tradition of deferring to NASFAA, which had not yet completed its internal recommendation process.

These arrangements had great consequence, resulting in success where the consensus was persuasive and real and failure when it was not. The consensus strategy also slowed the community's ability to respond to changes as the process developed. For example, the conditional agreement to an award formula (only if the maximum Pell grant was $3,700) had to be renegotiated within the community late in the process once it was clear that budget constraints would prevent the maximum from reaching this agreed-upon floor. Hill staff were not persuaded, and the ACE position was lost in conference trade-offs. On the other hand, the strong united front of the higher education community behind its recommendations for Titles VI, International Education, and IX, Graduate Programs, meant they were accepted almost verbatim.

Another important consequence came from ACE's initial deference to NASFAA to develop recommendations concerning the needs analysis formula. The ACE package, minus needs analysis, went to Ford as promised in April 1991. NASFAA did not present its final "Plan for Reform" for another month, partially preempted by Senator Ted Kennedy (D-MA), chair of the Senate Labor and Human Resources Committee, who introduced a thinly veiled version as S. 1137 in late April. Hurried, NASFAA had not analyzed the differential effect of its Plan on public versus private higher education sectors or adequately understood the Hill's priority for simplification. The result was a total rejection of the NASFAA proposal by ACE and its rapid internal mobilization to develop a new needs analysis recommendation of its own. NASFAA was further disadvantaged when its president was forced to resign as a charter member of the congressionally appointed Advisory Committee on Student Financial Aid because of a conflict of interest on delivery issues. The resulting shift in relationships greatly weakened NASFAA's voice and moved ACE into a new technical role with Hill staff.

The failure of NASFAA's "Plan for Reform" illustrates the impact of preparation strategies. NASFAA's Plan was developed from the ground up, starting with state, regional, and then national conferences to collect recommendations from individual aid officers. NASFAA membership represents every higher education sector, and given its distribution, unavoidably overrepresents private institutions and smaller colleges. Aid officers had long criticized the current needs formula for making it too easy for students to declare independent status in order to obtain aid. They also were concerned about collecting as much information about students as possible in order to direct limited institutional as well as federal funds to the most needy students. The result was a "Plan for Reform" that was exceedingly complex and advantaged dependent students, effectively redistributing funding from less expensive public institutions with a higher proportion of independent students to more expensive private sector institutions with a greater percentage of students with dependent status. Thus ACE and Hill objections.

The task force preparation strategy developed by NCHELP provides an instructive contrast to the ACE and NASFAA experiences. Like NASFAA, NCHELP had the advantage of preparing for HEA '92 as one organization rather than an ACE-type coalition. But unlike NASFAA, NCHELP used a top down rather than bottom up task force approach and got much more politically realistic results. A NCHELP legislative subcommittee also began work in 1989 to identify issues, but then handpicked members, and went through an "infinite" number of drafts and regional hearings before a final response, drafted into legislative language by Frohlicher, was adopted by the Board and sent to Ford in April 1991 right on schedule. A strong board kept members in line, strengthening NCHELP's "one voice" throughout reauthorization.

NASFAA and ACE's mistakes brought new players into the field. The still new federal Advisory Committee on Student Financial Assistance (ACSFA) stepped into the vacuum created by the opposition to NASFAA's proposal and ACE's hurried substitute. ACSFA was created in the 1986 reauthorization to compensate for ED's perceived inability to supply Congress with reliable analysis of the impact of student aid programs. Slow to organize, ACSFA hired Brian Fitzgerald, a relative outsider, as its executive director in March of 1988 and issued its first recommendations on improving the delivery system of federal aid applications a month later. In April 1989 ACSFA got one of the first letters asking for HEA recommendations from Representatives William (D-MT) and Bill Coleman (R-MO), then chair and minority leader of the House Postsecondary Education Subcommittee. Hill staff, particularly on the Senate side, appreciated ACSFA's responsiveness. As the reauthorization process unfolded, Senate committee staff increasingly turned to ACSFA for technical support and advice on a number of complex delivery, needs analysis, and award formula issues. In testimony to this enhanced role, Fitzgerald won a seat directly behind Senate staff during the final HEA Conference sessions.

HEA '92 and the Evolution of Federal Higher Education Policy

Signed by President Bush on 23 July 1992, Public Law 102–325 reauthorized the Higher Education Act for five years. The titles concerning student aid authorized some $20 billion per year for student grant, loan, and scholarship programs and made all students eligible for federal loans regardless of income. HEA '92 established a (scaled down) pilot direct loan program, made less-than-half-time students eligible for aid, instituted a single federal aid application form, and eliminated the value of a family home or farm from student aid need analyses. It also authorized funding for increased state oversight of higher education institutions, tightened reporting restrictions on participating institutions, and opened provisions concerning loan regulations to negotiated rule-making.

Despite Representative Ford's early call for "a thorough reexamination," the consensus necessary to support significant reform was not in place in 1992. HEA '65 and HEA '72's legacy of access through grants to needy students was compromised by the fiscal constraints of the 1980s with its consequences of flat allocations and rising tuition. The pressures for middle class relief, joined with public support for the ideas of personal responsibility and institutional accountability, received a full hearing in a presidential election year. Power shifts within the three major clusters of actors made unified action impossible. Legislative leadership (including staff) was powerful but could not impose its preferences; Administration officials were divided and ED was under attack; and the higher education community was fragmented by self-interest and turf.

HEA '92 is a valuable case study in the political realities of the federal policy process. Political power—the ability to affect the outcome—is a function of "skills and intentions" of major actors, limited by the "crosscurrents and constraints" of the environment in which they operate. A fragmented decision-making structure has led to the development of specialized policy centers of legislators, bureaucrats, and interest groups. History, public ideas, and the economic and social environment help shape issues and limit the options these actors can select.

The most active participants in the higher education policy process are those with the most at stake: the leadership of the relevant congressional committees, bureaucrats charged with implementation, and affected client or vendor interest groups. Presidential interest has been more sporadic and tied to larger policy agendas such as the war on poverty (Johnson), middle class values (Carter), antiregulation (Reagan), the federal deficit (Bush), or reinventing government (Clinton). Redistributive policies such as grants require a strong presidentially led coalition; without it, policy gradually becomes more distributive as it seeks a broader constituency.

In the words of several participants, HEA '92 was "a disappointment" which had the effect of "backing into a policy change" that converted higher education from a "social good to a consumer product" and paved the way for much greater federal regulation of academic "quality." The reorientation of federal student aid policy, however, was the inevitable result of the political configuration in Washington during the 102nd Congress, 1991–1992. A new president with a new agenda, new set of congressional leaders, a realignment within the higher education community, a more stable economic environment, and a new set of public ideas about the role of the federal government in higher education will bring with them new policy choices. Those interested in the role of the federal government in higher education must take this new set of political actors and new political environment into consideration and develop strategies that use its leverage points to their advantage.

Interviews

More than fifty interviews with participants in the 1992 HEA Reauthorization process, including key House and Senate committee and subcommittee staff; Department of Education, OMB, and White House Policy staff; and representatives of higher education associations and services organizations.

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The Federal Government and Higher Education

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Introduction

The framers of the U.S. Constitution lodged no specific responsibility for education with the national government, yet the federal influence on American colleges and universities has been enduring and pervasive. From sponsorship of land-grant colleges in the nineteenth century to the underwriting of student loans and university-based research and development in the twentieth century, the federal government has actively and extensively supported higher education to serve a variety of national purposes.

Today the federal government provides less than 15 percent of all college and university revenues. But in two types of spending, direct aid to students and funds for R&D, federal outlays far exceed those of the states, industry, and other donors. Higher education is also affected by federal tax policies, both in the financing of institutions and in family and student financing of the costs of attendance. Moreover, as a condition of federal spending and tax support, Congress and executive agencies of the government impose a variety of rules and mandates on postsecondary institutions and students.

The federal impact on campuses and on students is substantial, diverse, and constantly changing. It is the product of deeply rooted traditions but also short-term decisions. This chapter analyzes the federal government's relationship to higher education, beginning with the historical underpinnings and current nature and dimensions of support. It then discusses issues in student aid, research support, tax policy, and regulation, and concludes with thoughts on federal policy directions for the balance of the 1990s.

The Responsibility for Higher Education in the American System

That the states have the basic responsibility for education at all levels is an American tradition. The Tenth Amendment, reserving powers not delegated to the central government to the states, coupled with the fact that "education" is nowhere mentioned in the Constitution, pointed toward a secondary role for the federal government in this field. While some of the founding fathers urged a national system of education run by the federal government, the majority favored state, local and private control, perhaps with a national university to cap the system. All proposals to establish such a university in the capital city failed, despite the fervent support of George Washington and several of his successors in the presidency. To this day the federal government does not directly sponsor institutions of higher learning apart from the military academies and a few institutions serving special populations. Still, early federal policy was crucial in promoting higher education as an adjunct of western migration and public land development in the late eighteenth and nineteenth centuries. The Morrill Land-Grant College Act of 1862, for example, fostered the creation and development of what are now some of the nation's great public and private universities.[1]

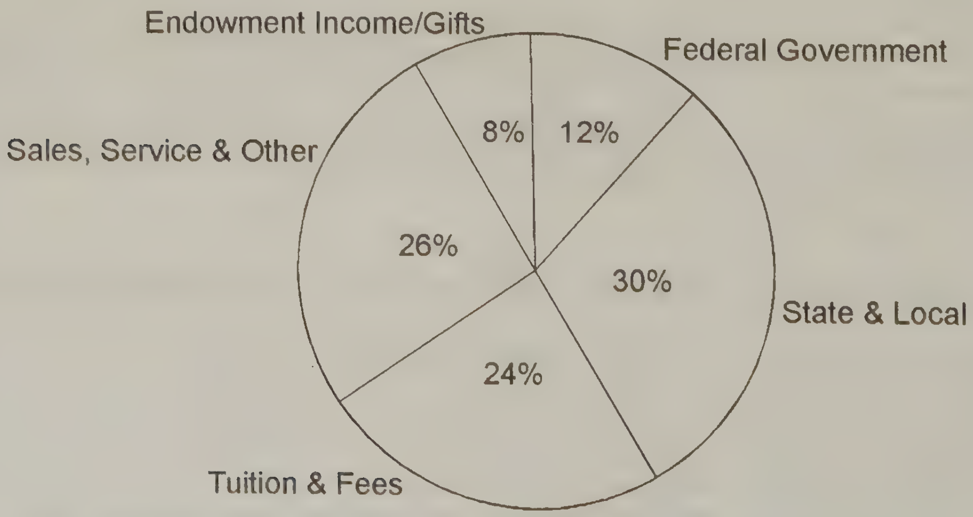
Federal investment in university-based R&D and in student aid via the GI Bill soared following World War II. Beginning with the Soviet challenge of Sputnik, Congress created a variety of aid-to-education programs in the late 1950s and 1960s, and by the 1970s the federal government became the largest source of direct assistance to individual students for financing their college expenses. Fundamentally, however, federal expenditures have remained supplementary to state subsidies and private support of higher learning. Terry Sanford, former governor of North Carolina, U.S. Senator, and president of Duke University, once put it this way:

> The money for the extras came from the national funds. . . . This is the glamour money. . . . It is needed, it has improved the quality. . . . It is proper to remember, however, for all the advantages brought by the extras, the train was put on the track in the first place by the states, and continues to be moved by state fuel and engineers.[2]

Over the past two centuries, the states have moved with varying speed to create and expand public systems of higher education and, more recently, to assist private colleges and universities or to purchase educational services from them. Today the major public support for postsecondary institutions continues to come from the states. Figure 1, which shows the sources of funding for higher education in 1990, demonstrates the continuing hegemony of the states in this regard.

The traditional division of responsibilities between the federal and state governments was reaffirmed in the early 1970s when Congress debated and ultimately rejected proposals for general-purpose federal institutional aid. In passing the 1972 amendments to the Higher Education Act:

> Congress pulled up short of a plan that amounted to federal revenue sharing with institutions of higher education—across-the-board general operating support distributed on the basis of enrollments. It was unwilling to underwrite



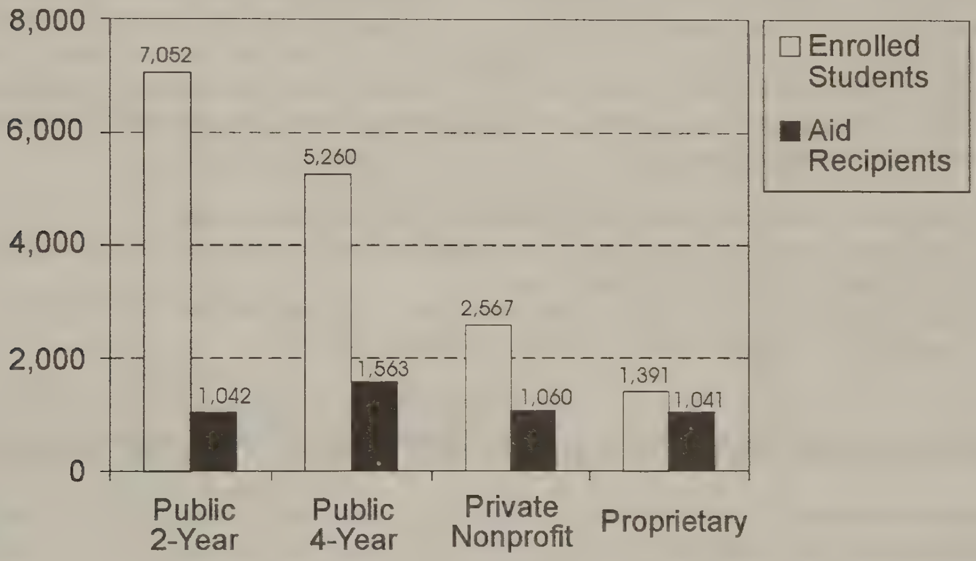
Source: Arthur M. Hauptman, *Higher Education Finance Issues in the Early 1990s* (New Brunswick, NJ.: Consortium for Policy Research in Education, Rutgers University, 1993).

FIGURE 1. Sources of Revenue to Higher Education Institutions, FY 1990

> the entire system without reference to any national objective other than preserving and strengthening educational institutions. . . . The responsibility for general support of institutions, it was decided, should continue to rest with the states.[3]

This is not to say that the federal government has been unconcerned about the health and capacity of institutions. Certain types of institutions have received special federal attention because of their particular contributions to the national interest. Major research and graduate-oriented universities, particularly their medical schools, are one such category. They are supported by grants and contracts from multiple federal agencies. The historically black colleges are also beneficiaries of federal institution-based support, primarily through programs authorized under Title III of the Higher Education Act.

In addition, a few federal programs address institutional capacity for research. These include the National Institutes of Health's Biomedical Research Support Grants and the National Science



	Public 2-Year	Public 4-Year	Private Nonprofit	Proprietary	All Institutions
Number of Students	7,052,280	5,260,484	2,567,051	1,391,453	16,271,268
Number of Federal Aid Recipients	1,041,748	1,562,530	1,060,275	1,040,602	4,743,841
Percent of Federal Aid Recipients	15.0	29.7	41.3	74.8	29.2
Average Cost of Attendance	$3,324	$4,979	$12,057	NA	$6,207
Average of Federal Award per Aid Recipient	$286	$891	$1,535	$2,722	$887

Source: 1990 National Postsecondary Student Aid Study. Cost of attendance (tuition, fees, room and board) data from: *Digest of Education Statistics: 1990* (U.S. Department of Education) and *The College Cost Book 1989–90* (The College Board, 1989).

FIGURE 2. Enrolled Students and Federal Aid Recipients, 1989–90 Academic Year

Foundation's Institutional Development Program. Other federal funding goes to support the arts and humanities, occupational and vocational education, international exchanges and studies, the provision of military training, and other purposes. Although the amounts are relatively small they are significant for some institutions and certain parts of the education community.

Student aid also represents an indirect subsidy that affects nearly every institution in the country.[4] As shown in Figure 2, about a third of the 16 million-plus students who attend postsecondary education each year are estimated to receive some federal aid, in the form of grants, loans, or work-study. The aid programs benefit all sectors of postsecondary education, but the rate of student participation is by far the highest in proprietary schools (75 percent), followed by private non-profit colleges (41 percent), public four-year institutions (30 percent), and public two-year institutions (15 percent). The vigorous politics surrounding congressional reauthorization and revision of the student aid programs in 1980, 1986, and 1992 attests to the high stakes involved for postsecondary institutions. Representatives of the various sectors—two-year, four-year, public, private, proprietary—struggled over scores of amendments that determined who got what under Title IV of the Higher Education Act.

In sum, while federal education monies are much sought after, the historical limitations on the federal role continue to prevail in the 1990s. The states retain the fundamental responsibility for higher education, primarily through provision of operating support for public systems of colleges and universities. The federal role is to provide particular kinds of support to meet perceived national objectives, generally without distinguishing between public and nonpublic recipients. The federal government:

- purchases services and supports research capacity of universities;
- fills some gaps (e.g., in college library support, foreign language and area studies, and health professions development); and
- directs the bulk of its aid to students rather than to institutions, with the aim of removing barriers facing individuals who aspire to higher education.

Overview: Mechanisms and Dimensions of Federal Support

In the nineteenth century, states served as intermediaries in federal patronage of higher education. Proceeds from the sale of public lands provided endowments that helped the states establish and finance the early land-grant institutions, agricultural extension programs, and other forerunners of today's comprehensive colleges and universities. The federal grants to the states were broad and carried few restrictions.

Toward the beginning of the twentieth century, however, the pattern began to change. Federal support became piecemeal and started going directly to institutions themselves, bypassing state governments. In recent decades, nearly all federal monies have been channeled to institutions (or to departments, schools, and faculty members within institutions) or to individual students.

For this reason, a federal-state "partnership" in supporting higher education is meaningful only in a general sense. In fact, there is virtually no conscious meshing of funding purposes and patterns between the two levels of government. By and large the federal activity proceeds independently. One observer has concluded:

> With a few modest exceptions, federal postsecondary spending arrangements make no attempt to stimulate state spending, to compensate for differences in state wealth or effort, or to give state governments money to allot as they see fit.[5]

Nor, it might be added, would it be easy to implement a program or funding formula that would effectively achieve any combination of such objectives.

The federal government's activities affecting higher education are so decentralized and so intermixed with other policy objectives that simply trying to enumerate the programs and tally the total investment is problematic. Creation of the U.S. Department of Education in 1979 consolidated only about a fourth of the more than 400 programs that existed then, and less than a third of total federal expenditures for higher education—not substantially more than were encompassed by the old Office of Education in the U.S. Department of Health, Education, and Welfare. The remaining programs and funds are still scattered across a number of federal agencies, from the Departments of Defense, Energy, Agriculture, Transportation, and Health and Human Services to the Veterans Administration, Environmental Protection Agency, National Aeronautics and Space Administration, and Smithsonian Institution. This diffuse pattern within the executive branch is mirrored in Congress, where committee responsibilities tend to follow agency structures. Thus the fragmentary nature of federal influence and support for higher education seems likely to persist.

Table 1 provides an overview of federal support for higher education. In fiscal year 1992, federal spending totaled $29 billion, with 43 percent of this amount going for the cost of student

TABLE 1

Estimated Federal Financial Assistance to Higher Education by Type and Source Fiscal Year 1992 (dollars in millions)

Source	Amount	Percentage
Student Aid		
Department of Education	$10,124	
Department of Veterans Affairs	810	
ROTC scholarships and other military assistance	537	
Health professions scholarships/fellowships and training program	839	
Programs for Native Americans	78	
Other Scholarship/ Fellowship Programs	12	
Subtotal	12,400	42.7%
Research and Development	14,652	50.4
Other Institutional Support		
Department of Education	687	
Special Institutions	345	
Military academies	193	
National Science Foundation	310	
International Education/Cultural Exchange	223	
Other	255	
Subtotal	2,013	6.9
Total Federal Aid	$29,065	100.0%

Source: National Center for Education Statistics, *Digest of Education Statistics: 1992,* Washington, D.C.: U.S. Department of Education, 1992, Table 347.

Note: Some figures differ from those in Tables 2 and 5. Student aid here includes federal program costs only for FY 1992; Table 2 gives total aid available to students for academic year 1991–92, including the volume of borrowing generated by federal loan guarantees and subsidies, as well as amounts contributed by states and institutions. Military training assistance is included here but not in Table 2. Research and development figures include federal obligations for research and development centers administered by colleges and universities, unlike comparable figures in Table 5.

aid, 50 percent for university-based R&D, and the balance for assorted categorical assistance and payments to colleges and universities. The more than $12 billion spent on the student aid programs is considerably less than the amount of aid actually made available to students (see Table 2), because the federal government guarantees and subsidizes private loans and requires non-federal matching in certain other programs.

Student Aid

Legislative History

From the land-grant college movement to the GI-Bill experience following World War II, public policy has progressively extended educational opportunity to new groups in society. In recent decades a major current in this policy stream has been federal aid to students. In 1963, the federal government invested around $200 million in student aid through the then-fledgling National Defense Student Loan program and a handful of graduate fellowships. Thirty years later, in the academic year 1992–93, the federal government generated an estimated $25 billion for students in postsecondary education, through either direct appropriations or loan guarantees and subsidies. After adjusting for inflation, that is almost a 25-fold increase. During the same period, enrollments also increased, but only about three-fold.

The growth of student assistance over the past quarter century is especially remarkable in light of the controversy surrounding the issue of federal student aid during the 1950s and 1960s. Congress had approved college benefits for military veterans under the GI-Bill but balked at general scholarships to undergraduates, whether based on financial need or on academic merit. Resistance to giving students a "free ride" doomed one such proposal after another in Congress during the Eisenhower and Kennedy years.

The breakthrough came in the mid-1960s. As part of the "Great Society" under President Johnson, the Higher Education Act of 1965 embodied, for the first time, an explicit federal commitment to equalizing college opportunities for needy students. Programs were designed to identify the college-eligible poor and to facilitate their access with grants, replacing contributions their families could not afford to make. Colleges and universities that wanted to participate in the new grant program were required to make "vigorous" efforts to identify and recruit students with "exceptional financial need."

With the 1965 legislation, a new dynamic began to shape the federal role in higher education. Earlier federal support had been prompted by specific national concerns: fostering a democratic citizenry, sponsoring research in the national interest, meeting perceived personnel shortages in the economy, compensating those who had served the country in wartime, and promoting international understanding. In the same vein, scientific and military preparedness was the spark for the National Defense Education Act of 1958. The 1960s did not change the national-interest focus of federal aid to education, but did put the spotlight on a broader moral imperative: removing inequitable barriers to individual opportunity. Also in 1965, Congress added a new benefit to the Social Security program that allowed children of deceased, disabled, or retired parents eligible for Social Security to receive benefits as dependents while they attended college.

Appropriations for student aid grew in the late 1960s, while other forms of federal support, such as construction of academic facilities, gradually faded in importance. In 1972, Congress and the Nixon administration converged with separate proposals for elaborating and greatly expanding the federal commitment to student assistance. Amendments to the Higher Education Act created Basic Educational Opportunity Grants as a floor of direct support for all needy students. Now called Pell Grants, this program in 1992–93 provided over $6 billion to more than 4 million students enrolled in postsecondary education and training.

The 1972 legislation also created the State Student Incentive Grant (SSIG) program to provide federal matching funds for need-based state scholarship programs. Twenty-eight states had already inaugurated scholarships to students, but the federal stimulus of SSIG helped prompt the rest of the states to launch need-based aid programs of their own. Likewise during the 1970s, an increasing number of states responded to federal incentives to help generate credit financing for students through federally guaranteed loans. Pell and SSIG rounded out the federal commitment to student aid, which during the 1960s had already come to include College Work-Study, Supplemental Educational Opportunity Grants (SEOG), National Defense Loans (now called Perkins Loans), and Guaranteed Student Loans (now called Stafford Loans). Assistance was generally targeted at low- and moderate-income students. But in the late 1970s pressure mounted for broadening the base of eligibility for student aid. Proposals for college tuition tax credits built a head of steam in Congress and, to ward them off, the Carter administration went along with a legislative package that resulted in the Middle Income Student Assistance Act (MISAA) of 1978. MISAA liberalized eligibility for Pell grants and opened subsidized loans to students regardless of income or need. Shortly thereafter, Congress let the special allowance to banks participating in the guaranteed-loan program float with Treasury-bill rates, assuring a favorable return for lenders in the program.

The legislative expansion continued through the Education Amendments of 1980, which further liberalized need analysis for student aid, shielded the guaranteed-loan program from cost controls, and established two additional loan programs called Parent Loans for Undergraduate Students (PLUS) and Supplemental Loans for Students (SLS). Then came the 1980 elections and a new administration determined to shrink domestic social spending. While public and congressional reaction blocked wholesale cutbacks in student aid, the growth era in student assistance was clearly over. Many provisions of the Higher Education Act as amended in 1980 were repealed or delayed, guaranteed-loan eligibility was tightened, Social Security benefits for students were phased out, appropriations levelled off, and the purchasing power of federal student aid declined.

Recent Trends and Issues

Table 2 shows the amounts of aid available to students by source in 1992–93 compared to 1980–81. Notwithstanding the retrenchment of the early Reagan years, the federal government continues to supply the lion's share of assistance. As illustrated in Figure 3, the constant-dollar value of federal assistance gradually rebounded toward the end of the 1980s and was slightly higher in 1992–93 than in 1980–81. Several factors at work over the past decade, however, have diluted the impact of federal support in making college affordable.

- Tuition and other costs of attendance in higher education have risen faster than federal aid. At the same time, as shown in Table 3, tuition in both public and private colleges has out-paced per capita disposable personal income and median family income.
- The available aid has been spread over a larger student population, including a substantially increased number of students enrolled in short-term training offered by proprietary schools. Today students in proprietary schools account for about 20 percent of Pell Grants and Stafford Loans.[6]
- The emphasis in federal aid has shifted from grants to loans. Loans accounted for 20 percent of federal aid in 1975–76 and 64 percent in 1992–93, while grant aid has dropped from 76 percent to 33 percent over the same period. The shift in the grant-loan balance has been the result of several factors: the winding down of Vietnam-era veterans educational benefits, the phasing out of Social Security student benefits, the substantial growth of federally guaranteed student borrowing beginning in the late 1970s, and erosion of the Pell Grants' real value over time.[7]

By contrast, in the 1970s the growth in federal aid outstripped growth in tuition and growth in the eligible student population; grant aid was more common than borrowing, especially for low-income students; and family income levels generally rose faster than tuition. All these trends adversely affected college affordability in the 1980s and into the 1990s.

The Grant-Loan Issue

The growing predominance of loan financing, a factor frequently cited in relation to the decline of minority and low-income college enrollees, has turned the federal policy commitment to equal opportunity 180 degrees from its origins. The Higher Education Act of 1965 sought to help the disadvantaged through need-based grants, while helping middle-class families through government-guaranteed but minimally subsidized private bank loans. Today, guaranteed loans are far and away the largest source of aid, even for the lowest-income students. Guaranteed loans provide almost $15 billion in aid annually—two and a half times the size of the Pell Grant program that was meant to be the system's foundation.

When Congress reauthorized the student aid programs in both 1986 and 1992, a major focus of concern was the grant-loan imbalance. Yet the policy drift toward a loan-centered financial aid system remains unchecked. A key proposal in the 1992 reauthorization was to turn the Pell Grant into an entitlement or mandated spending program with automatic increases for inflation. But the Bush administration opposed such a change, arguing there were already too many federal entitlements, one reason the federal budget had become so hard to control. Republicans in Congress backed the administration on the issue, as did Budget Committee leaders from both

TABLE 2

Aid Awarded to Postsecondary Students by Program, 1980–81 and 1992–93 (dollars in millions)

Program	Academic Year 1980–81	1992–93	Percentage Change (in constant dollars)
Federally Supported Programs			
Generally Available Aid			
Pell Grants	2,387	6,162	56.9
SEOG	368	630	4.0
SSIG	72	70	–41.0
CWS	660	760	–30.0
Perkins Loans (NDSL)	694	897	–21.4
ICL	0	5	N/A
Stafford and PLUS/SLS	6,202	14,998	46.9
Subtotal	10,383	23,522	37.7
Specially Directed Aid			
Social Security	1,883	0	–100.0
Veterans	1,714	971	–65.6
Military	201	384	16.6
Other Grants	122	160	–19.8
Other Loans	62	418	307.9
Subtotal	3,982	1,934	–70.5
Total Federal Aid	14,365	25,456	7.7
Nonfederal Aid			
State Grant Programs	801	2,126	61.3
Institutional and Other Aid	1,625	6,971	160.8
Total Federal, State, and Institutional Aid	16,791	34,554	25.1

Source: Washington Office of the College Board, *Trends in Student Aid: 1983 to 1993* (Washington, D.C.: Washington Office of the College Board, 1993).

TABLE 3

Tuition Fees and Income, 1980–81 to 1991–92

	Public Four-Year	Public Two-Year	Private Four-Year	Private Two-Year	Personal (Per Capita)	Median Family
1980–81	804	391	3,617	2,413	8,424	21,023
1981–82	909	434	4,113	2,605	9,240	22,388
1982–83	1,031	473	4,639	3,008	9,721	23,433
1983–84	1,148	528	5,093	3,099	10,350	24,674
1984–85	1,228	584	5,556	3,485	11,257	26,433
1985–86	1,318	641	6,121	3,672	11,863	27,735
1986–87	1,414	660	6,658	3,684	12,474	29,458
1987–88	1,537	706	7,116	4,161	13,081	30,970
1988–89	1,646	730	7,722	4,817	14,109	32,191
1989–90	1,780	756	8,396	5,196	14,973	34,213
1990–91	1,888	824	9,083	5,570	15,898	35,353
1991–92	2,134	962	9,841	5,784	16,318	35,939
Pct. Chg. from 1980–81 to 1991–92	165%	146%	172%	140%	94%	71%

Source: Washington Office of the College Board, *Trends in Student Aid 1983 to 1993* (Washington, D.C.: Washington Office of the College Board, 1993).

Note: Income data are for the calendar year in which the academic year begins.

parties in both the House and Senate. So the Pell entitlement provision was withdrawn from the legislation before final passage.

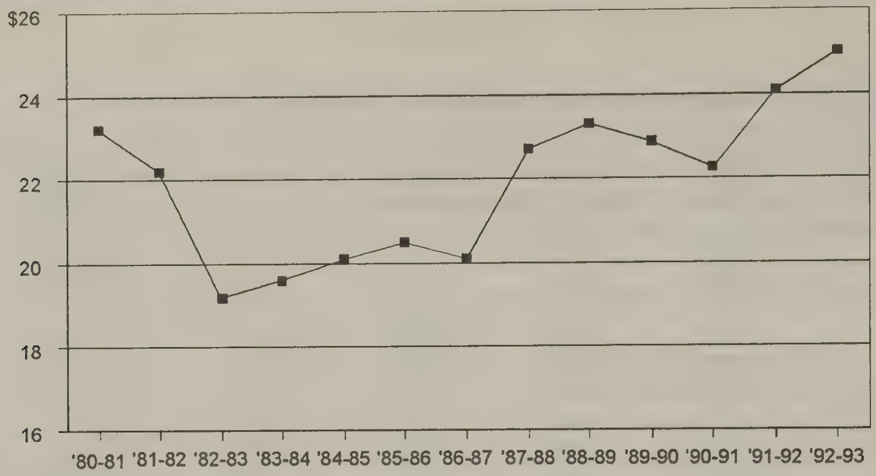
After the Pell entitlement failed, Congress followed a path of less resistance in boosting the dollar ceilings in the existing loan programs. Since loans, unlike Pell Grants, already operate as an entitlement, all eligible students are assured access to funds up to authorized levels. The legislation does raise the authorized maximum Pell Grant, but without the entitlement provision, actual funding levels will depend on annual appropriations. And there has been a widening gap between the authorized and actual Pell maximum in recent years.

The reauthorization bill also establishes an unsubsidized loan option not restricted by need. This is intended to make loans available to those in the middle-income range who have been squeezed out of eligibility for the regular guaranteed loan. The new loans will be less of a drain on the federal budget in that the government will not pay the interest costs while the borrower is in school.

All told, the principal impact of the 1992 legislation is clear: far from correcting the grant-loan imbalance, it will expand borrowing capacity for students and parents at all income levels in the years ahead.

Providing Flexibility in Loan Repayment

While the shift to loans continues, policy makers hope to mitigate the potentially adverse effects on students' career choices and on equity of access to higher education by providing greater flexibility in repayment. The 1992 legislation offers graduated and extended repayment terms to some categories of borrowers, and the Clinton administration is committed to pursuing a policy of allowing students to repay loans as a percentage of their future income through the Internal Revenue Service. The majority of borrowers will probably continue to repay without difficulty



Source: Washington Office of the College Board. *Trends in Student Aid: 1983 to 1993* (Washington, D.C.: Washington Office of the College Board, 1993).

Note: Base year used for constant dollar conversions is 1992.

FIGURE 3. Amount of Federal Financial Aid, 1980–81 through 1992–93 (In Billions of Constant Dollars)

on the standard ten-year amortized basis. But for those students who know in advance that they want to pursue relatively low-paying service occupations, as well as those who later fall on hard times, alternative repayment schemes will probably become increasingly important in the 1990s.

Linking Student Aid and Service

The Clinton administration is also committed to expanding opportunities for students to pay for their education through performance of service to the nation or community. While falling well short of the ambitious program the President had initially proposed, legislation passed in 1993 aims to enable up to 100,000 individuals to earn postsecondary education or training benefits by serving in areas of public need for up to two years. The benefits could be used either to pay post-service educational expenses or to repay educational debts already incurred.

The Clinton service initiative has many historical antecedents, including the Civilian Conservation Corps of the 1930s, the Peace Corps, VISTA, the National Health Service Corps, and a number of loan forgiveness and deferment provisions written into student aid legislation over the past 30 years. The new program seeks to strengthen the linkage between service and college aid—and even in its modified form, would do so on a much larger scale than previously attempted. Critics charge that the program will mainly benefit middle-class students, and that appropriations for it will inevitably cut into the base of funding for Pell Grants and other need-based aid focused on the disadvantaged.

Reforming the Student Loan Process

One way the Clinton administration intends to pay for the national service program is to capture savings from student loan reform. The Clinton plan, as modified and approved by Congress in the deficit-reduction package of 1993, calls for creation of a system of direct federal lending through postsecondary institutions, replacing at least in part the current program which relies on private banks and other financial intermediaries for loan capital. The aim is to squeeze excess subsidies out of the existing student loan structure, ultimately reducing federal costs by at least an estimated $1 billion a year while at the same time lowering interest expense to students and parents. The Student Loan Reform Act became law as part of the Clinton deficit-reduction package of 1993. The question is whether the federal government can make a successful conversion to direct lending; an under-staffed Department of Education faces a major challenge in launching the new program, and doing so without disruption and increased complexity for students.

Widening Eligibility for Student Aid

As in the late 1970s, Congress in the early 1990s wanted to extend federal assistance to more of the middle class. So the 1992 reauthorization law incorporates new federal standards for determining family and student ability to pay, and these standards are being used not only to award federal need-based grants and subsidized loans but a substantial portion of state and institutional aid as well. The new federal standards expand calculated need by several billion dollars. But while the new law promises much on paper, there is little prospect of a corresponding increase in available funds from the federal government, states or institutions. The likely effect will be to shift scarce dollars up the economic ladder, at the expense of disadvantaged, truly needy students and families.

Helping Nontraditional Students

At the same time, many policymakers and analysts worry that the existing aid system, designed primarily for families whose dependent children attend college full-time, is not sensitive to the wide-ranging needs and circumstances of nontraditional students. Increasing numbers of adults beyond traditional college age are returning to higher education for a second chance, retraining, and mid-career change. They often attend less than full-time and have continuing family and work responsibilities while in school.

Whether and how to support these students will be an ongoing policy concern in the 1990s. It may be that conventional aid programs are not the best way to reach nontraditional students. Expanding eligibility of independent adult students for aid will reduce the dollars available to dependent students from low-income families. And need-based grants and loans may not fit with the needs of many nontraditional students attending on a sporadic basis. Policymakers may need to consider new mechanisms outside the traditional forms of student assistance, including incentives to employers for facilitating and supporting employee training and retraining.

Graduate Student Assistance[8]

The bulk of federal student aid goes to undergraduates, and the policy debates in Washington focus largely on issues of educational access and choice at the undergraduate level. Yet a portion of the aid available through the loan and work-study programs goes to graduate and professional students. Federal support for graduate students also comes in the form of research assistantships, fellowships, and traineeships, and much of this support is built into the funding of R&D administered by institutions. Table 4 compares estimated amounts of financial aid for undergraduate and graduate students in 1989–90 by source—federal, state, institutional, and private.

Overall, fellowship and other grant money for graduate students has declined since the 1960s, and universities have looked to alternative sources. The federal work-study program, for example, requires only 20 percent matching and has been increasingly used to fund teaching assistants. But the most common recourse for filling the gap has been student borrowing. Federally guaranteed loans have become an integral part of financing graduate and professional education, and many privately sponsored supplemental loan programs have been created to serve students in high-cost fields such as the health professions. It is at this level that concerns about mounting student indebtedness become most acute, especially among students who have already accumulated substantial loan obligations as undergraduates.

Traditionally, graduate institutions and departments have awarded aid primarily on the basis of academic merit. But recent financing trends have created a dual system. Research assistantships and what remains of fellowship support from federal and private sources continue to be awarded on competitive academic criteria, whereas the great proportion of subsidized work, loan,

TABLE 4

Estimated Financial Assistance for Undergraduate and Graduate Students 1989–90 Academic Year (current dollars in millions)

	Undergraduate Amount	Students Percent	Graduate Amount	Students Percent
Federal Sources				
Title IV Grants	$5,392	21.2%	$2	0.0%
College Work Study	607	2.4	56	0.7
Federal Loans	7,710	30.4	3,178	38.1
Other Federal Grants	22	0.1	42	0.5
Other Types of Federal Aid	286	1.1	43	0.5
Subtotal	14,015	55.2	3,321	39.8
State Sources				
Grants	2153	8.5	104	1.2
Loans	268	1.1	15	0.2
Work Study	42	0.2	4	0.1
Other	342	1.3	32	0.4
Subtotal	2,805	11.0	155	1.9
Institutional Sources				
Grants	4,389	17.3	1,057	12.7
Loans	150	0.6	13	0.2
Work Study	371	1.5	20	0.2
Assistantships	0	0.0	1,564	18.7
Other	397	1.6	1,174	14.1
Subtotal	5,306	20.9	3,829	45.9
Private Sources				
Employer Provided Aid	535	2.1	441	5.3
Grants/Scholarships	1,350	5.3	182	2.2
Loans	428	1.7	262	3.1
Other	961	3.8	153	1.8
Subtotal	3,273	12.9	1,038	12.4
Total Assistance	$25,400	100.0%	$8,350	100.0%

Source: Data are from the *National Postsecondary Student Aid Study* (National Center for Education Statistics, and U.S. Department of Education). Special analyses were conducted by the Washington Office of the College Board.

Note: Graduate research assistantships funded through federal research grants to institutions may appear under Institutional Sources rather than Federal Sources because of the way the data were collected by the National Postsecondary Student Aid Study. Thus, federal graduate assistantships are understated and institutional graduate assistantships are overstated in this table.

and other aid to graduate and professional students is directed to students according to their financial need.

In general, graduate students are experiencing increased difficulty financing their education when financial rewards accruing to an advanced degree, especially in traditional academic disciplines, are uncertain at best. Many observers worry about the quality and numbers of students pursuing graduate work, and about the adequacy of federal policies to meet national needs for highly trained personnel in the 1990s and beyond.

Beyond Financial Aid

Whatever the federal policy and commitment to helping students meet postsecondary costs, policy makers increasingly recognize that student aid dollars alone are not sufficient to ensure greater access to higher education by under-represented groups. Too many variables other than finance—quality of prior schooling, family attitudes, motivation, awareness of opportunities—help to determine college participation. Earlier, larger, and sustained interventions in the education pipeline are necessary.

This need is addressed at the federal level through the so-called TRIO programs of counseling, outreach, and special support services for the disadvantaged, created as a complement to the student aid programs in the original Higher Education Act. Congressional appropriations for the TRIO program grew even during the most difficult fiscal years of the 1980s, but funding of these efforts still falls far short of the need. Also in this vein, the 1992 reauthorization of the law calls for additional initiatives inspired by Eugene Lang's "I Have a Dream" movement in cities around the country, which seeks to mentor disadvantaged junior high students, widen their horizons, and see them through to high school graduation and postsecondary opportunities.

Access to What?

For most of the past quarter century, federal policy under Title IV of the Higher Education Act has consistently emphasized access. The ideal that was forged in the mid-1960s—equalizing postsecondary opportunities by removing financial barriers for needy individuals—remains paramount. But high default rates on guaranteed student loans and widely publicized problems of program abuse have raised nagging questions. Are dollars being directed effectively to those who really need help and have a reasonable chance of benefitting from the education and training that is being subsidized? What assurances does the federal government have regarding the quality and utility of such education and training? Is it provided at reasonable cost? Do federal aid recipients complete their programs in a reasonable period of time? Do they secure jobs in the fields for which they have prepared? In short, are students and taxpayers receiving their money's worth? With these questions heard more and more frequently, student aid policy debates in the 1990s are likely to focus as much on academic quality and cost effectiveness as on access.

A principal though not exclusive object of concern regarding quality and standards has been the proprietary trade schools. As noted earlier, a substantial share of the government's student aid commitment now goes to finance training offered by proprietary schools. And much of that financing has focused on very low-income students who lack basic academic skills and enroll in short-term job training programs that may result (at best) in minimum-wage employment. The default rate on student loans in the proprietary sector has averaged over 40 percent—four times that of four-year collegiate institutions.

What kinds of education and training should be fostered through the mechanism of student aid? In the 1970s Congress substituted the term "postsecondary" for "higher" in the student aid statutes, and eligibility was broadened to include short-term vocational training provided by for-profit schools, as well as the traditional programs of public and non-profit private institutions. Congress embraced a marketplace philosophy: students would "Vote with their feet," taking their federal aid to institutions that met their needs. But the marketplace rationale begged important questions of institutional effectiveness and accountability. Few foresaw the burgeoning of the trade school industry that would be stimulated by the new federal incentives. Many for-profit programs came to be subsidized almost entirely by tax dollars, basing their prices on the aid package available to students from the federal government.

The federal student aid programs have traditionally relied on a so-called triad of institutional accreditation, state review, and federal oversight to ensure quality control. The federal responsibility, as carried out by the Department of Education, has included certifying accreditation agencies as well as ultimately approving institutions to participate in the federal aid programs. Over time, however, the triad arrangement has proven increasingly inadequate to the task. Federal certification of accrediting agencies and final approval of institutions have been largely pro forma. In many states, the state role has been weakened because a number of state agencies are responsible for reviewing different groups of institutions, with the result that the overall impact of state review is often uncoordinated and diluted. In addition, many states view proprietary schools as small businesses and therefore minimize regulation of them. But the weakest link of the triad has been the accrediting agencies themselves. Concentrating as they should on the academic attributes of institutions, these agencies are typically ill-equipped to make critical judgments about the financial soundness and suitability of institutions to participate in federal programs. Moreover, the fact that the institutions themselves provide the bulk of revenues of the accrediting agencies may create a less than arms-length relationship.

Restoring "integrity" to the student aid process was a principal theme of the 1992 reauthorization of the Higher Education Act. Congressional sponsors recognized that these issues had to be addressed if the programs under Title IV of the Act are to be viable in the intense competition for federal appropriations in the years ahead. The principal new thrust in the 1992 legislation is to place more reliance on state agencies as gatekeepers to help determine which postsecondary institutions should be eligible to participate in the federal Title IV programs. But how effective such an approach will be remains to be seen. The states' responsibility is activated only to the extent that federal funds are provided to support states in carrying out this function. Moreover, states may be reluctant partners in such an endeavor, state officials responsible for licensing and reviewing postsecondary programs have long complained they should not bear the brunt of regulatory problems that the federal government itself created by subsidizing the proprietary sector so substantially.

Meanwhile, the Department of Education has sought to tighten the system by prohibiting institutions with excessively high default rates from continuing to participate in the programs, and these efforts *have* had some impact in reducing the overall level of defaults and eliminating schools that were clearly abusing the system. But establishing the default rate cutoffs is arbitrary and problematic in many respects, and institutions have great incentives to manipulate their numbers to stay below the cutoff level. In addition, the due process entailed in withdrawing federal approval has proved to be so cumbersome that many institutions manage to participate for many years after being targeted as problem schools. In summary, the fundamental issues of institutional eligibility and quality control in the federal aid programs remain to be effectively addressed in the 1990s. The Clinton administration is considering fresh approaches in this area, including new performance and compliance standards that would condition institutional eligibility to participate in the aid programs.

Issues of Affordability: Quality at What Price?

Concerns about quality ultimately are linked to concerns about cost. The rapid rise in tuition and other costs of attendance over the past decade has stimulated worries about whether college will continue to be affordable for a broad range of Americans and whether it will be worth the price. A number of important works on higher education finance in recent years have echoed this theme of affordability. Michael McPherson and Morton Schapiro wrote a book for the Brookings

Institution entitled *Keeping College Affordable,*[9] and the bipartisan National Commission on Responsibilities for Financing Postsecondary Education received widespread publicity over its report, *Making College Affordable Again.*[10] Both studies call for an increased national commitment to need-based student aid to pay rising tuitions. The principal recommendation by the national commission is to make the level of federal aid more predictable and understandable for students and families by establishing a total amount of federal assistance for which any full-time undergraduate might be eligible each year.

Missing in these discussions, however, has been attention to the other side of the affordability equation, namely, how to reduce growth in the costs of a college education. In the final analysis, making college affordable again will depend on controlling the tuition spiral, and policy makers in the 1990s will be looking for ways to promote cost containment in higher education. An overall federal aid maximum, such as proposed by the national commission cited above, might eliminate possible incentives for some institutions to raise tuitions. Increases in the costs of attendance above the maximum would play no role in determining a student's eligibility for federal aid.

A more comprehensive approach to cost containment would be for the Secretary of Education to issue a schedule of "reasonable costs" for different types of postsecondary education and training—perhaps one standard for four-year academic training, one standard for two-year academic programs, and a variety of standards for different kinds of vocational training (based on what it should reasonably cost to provide training in automobile mechanics, cosmetology, computer programming, etc.). In some ways, such reasonable cost standards would be similar to the cost containment provisions in Medicare and Medicaid in which fees for a wide variety of services are prescribed in federal law or regulation. But in one important respect, higher education cost standards as sketched above would differ from those governing health care: namely, institutions would not be required to charge the standard amounts. They could charge students whatever they wanted, but would be reimbursed (through federal student aid) only up to the federal standard.

Research Support

Federal spending on R&D and other aspects of science at colleges and universities antedates the federal commitment to student aid, going back to an 1883 law to support agricultural experiment stations. But the investment in academic science was fairly small until the needs of World War II caused federal spending for campus-based research to skyrocket. The boom in federally-sponsored research continued through the 1950s and early 1960s. Though such support has not continued to grow at anything like the rates of the early postwar decades, the federal government remains the largest source of financing for campus-based research, supplying roughly $10 billion in 1991. R&D expenditures at colleges and universities are summarized in Table 5. In constant dollars the federal contribution increased by more than 40 percent in the 1980s. Contributions from industry and all other sources grew much more. Overall, the 1980s was a very healthy decade for investment in university-based science. One observer has said, "If the 1960s were the golden age of research, then the 1980s were the gilded age."[11]

Unlike student aid, federal research funding is highly concentrated on a relatively small number of institutions, most of them major research universities. According to the National Science Foundation (NSF), the top 100 doctorate-granting institutions receive more than 80 percent of all federal R&D obligations to academia, a proportion that has remained quite stable over the years.[12] This support flows from multiple federal agencies and policy objectives. When NSF was created in 1950, Vannevar Bush envisioned an agency having broad purview over federal funding of research in the physical sciences, medicine, and defense, with a separate science advisory board to evaluate and integrate technical research sponsored by other government departments.[13] This vision is far from today's diffuse reality, with more than a dozen mission-oriented agencies separately deploying federal R&D resources to academic institutions for a variety of purposes.

While the nation's investment in science during the past half century has been repaid many times over in the form of thousands of pathbreaking discoveries and practical applications, political controversy and skepticism beset the academic research enterprise in the late 1980s and early 1990s. Ethical issues such as the protocols used in animal research have led to shrill campus protests. Publicized cases of research fraud have cast doubts about the conduct of scientific research that could threaten levels of financial support in the future.

Another sensitive issue is the growing practice of congressional earmarks to fund construction of research facilities on particular campuses around the country. More than $700 million was provided to colleges and universities in the form of earmarked appropriations in fiscal year 1992, and nearly $2.5 billion has been provided since 1980 when annual earmarks were roughly $10 million. Traditionally, federal campus-based research funds have been distributed on the basis of a peer review system in which individuals who are familiar with a field of research are asked to grade proposals for funding in that field. These peer reviews, along with considerations of cost effectiveness, largely determine which proposals receive funding. Proponents of peer review argue it ensures that the best research is supported. Opponents argue it is a vintage old boys network that precludes many worthwhile projects because the researchers are not tied into the network.

In part, the earmark phenomenon is a reaction to the heavy concentration of federal R&D spending on a relatively few institutions. Institutions outside this group go to their elected representatives and plead their case, often hiring expensive lobbyists in the process. Earmarking is also a response to a long-term problem affecting virtually all research universities—the deterioration and obsolescence of scientific equipment and facilities. Despite the substantial and growing federal investment in campus-based research over time, the inadequacy of the research infrastructure has been the subject of many studies and reports over the past decade. Only a small proportion of federal funds for research have been invested in facilities construction, maintenance, and renovation. In the 1950s and 1960s, separate appropriations were made for facilities, but in recent decades the bulk of funds for infrastructure has come through indirect cost recovery, an inefficient way of financing a crucial aspect of the research enterprise.

Indirect cost recovery itself has created the darkest cloud on the horizon for federal support of research. Stanford University was the catalyst for the emergence of this issue when it was revealed that expenses for a number of questionable items, including fancy provisions for the President's home and a donated yacht, had been submitted to the government over the years as part of Stanford's indirect costs on research grants and contracts. Adverse publicity and congressional hearings led to investigations of other research universities. Several institutions were required to return millions of dollars in questionable billings, and some institutions renegotiated their indirect cost recovery rates.

The issues underlying the system of indirect cost recovery, however, stretch far beyond the practices of Stanford and the other institutions that have been investigated. The existing system, which dates back over 30 years to the development of Office of Management and Budget (OMB) Circular A-21, is based on the principle that an institution's indirect cost recovery should be tied to the share of research-related costs in its total budget. But such a system gives institutions great incentive to categorize spending items as part of their pool of research-related costs. While Stanford was one of the most aggressive institutions in seeking indirect cost recovery, it and other universities correctly point out that they were playing according to the rules as they understood them. What complicated matters was the fact that the federal government was never very clear about what those rules were. Untangling this issue, therefore, will require reexamining the fundamental principles of the System itself.[14]

All of these issues take on particular significance in light of the dependence of universities on federal research dollars. While federal grants and contracts constitute less than 10 percent of total revenues of all colleges and universities, at some major research institutions federal dollars represent one-quarter or more of total revenues, and indirect cost reimbursements sometimes

TABLE 5

R & D Expenditures at Universities and Colleges by Source of Funds Fiscal Years 1981 and 1991 (dollars in millions)

Source	Fiscal Years 1981	Fiscal Years 1991	Percentage Increase (in constant dollars)
Federal government	4,565	9,650	43.1
State and local governments	546	1,553	92.5
Industry	291	1,250	191.0
Institutional funds	1,008	3,397	128.0
All other sources	436	1,350	109.6
Total	6,846	17,200	70.1

Source: National Science Board, *Science and Engineering Indicators—1991* (Washington, D.C.: National Science Board, 1991).

Note: Federal government dollars do not include amounts for federal funded research and development centers (FFRDCs).

exceed 10 percent of a university's budget. Such federal dependence could become highly problematic under various future scenarios, including any radical change in the method of indirect cost recovery or drastic deficit-reduction initiatives such as a balanced budget amendment. Also, the end of the Cold War and the resulting decline in defense spending will likely have a disproportionate impact on institutions that are especially dependent on defense research dollars. The Clinton administration has announced its intention to equalize spending on defense and civilian R&D by 1998. The Clinton plan for R&D investment also assigns high priority to projects with clear potential for commercial applications, job creation, and economic competitiveness. And it calls for a series of multi-agency, inter-disciplinary initiatives emphasizing applied research as well as science, math, engineering, and technology education.

In sum, the tight federal budgetary outlook and questions about past practices will stir continued debate on the federal responsibility for research in the 1990s and beyond. What should be the role of university research in the post-Cold War world? Are universities still the best vehicle for federal investment in research, or should the emphasis shift to a more commercial, industrially-based strategy? Should federal research dollars be focused on the best researchers at a small set of universities, or would spreading the funds more widely produce better results? Whatever the answer to these questions, it is clear that universities will be challenged to do more with less, to identify their comparative advantages, to consolidate efforts with other research institutions, and to articulate more clearly to the public how research contributes to societal goals.

Tax Policies

In addition to direct funding of students and institutions, the government indirectly assists higher education through a variety of tax policies. A number of exclusions, exemptions, and deductions in the federal tax code over the years have benefited education at all levels. Some of these provisions—for example, the personal exemptions parents may claim for students age 19 and over, and the recent tax break on proceeds from U.S. savings bonds that are used for higher education—affect individuals and families in their ability to save for and pay college costs. Other provisions affect the revenue and financing arrangements of colleges and universities; for example, their not-for-profit status allows them to receive tax-deductible contributions.The monetary benefits to institutions and students of these tax provisions, so-called tax expenditures in federal budgetary parlance, are measured by the estimated amount of federal revenue that would be collected in the absence of such provisions. Prior to the passage of the Tax Reform Act of 1986, estimated annual "tax expenditures" for higher education totalled over $4 billion.

Corporate investment in university-based research was promoted by the tax legislation of 1981, which gave tax credits to industry for investment in cooperative, applied research projects with universities and permitted enhanced deductions for gifts of research and research training equipment. The 1986 tax bill amended these provisions to balance the tax incentives for corporate investment in basic and applied research. But overall the reform legislation of 1986, a watershed in federal tax policy, had adverse implications for higher education. For colleges and universities, particularly private non-profit institutions, the principal setback came in the form of limitations on charitable giving. The legislation both tightened tax deductions for gifts of stock, land, works of art, and other appreciated property and terminated the deductibility of gifts by non-itemizing taxpayers. Since these changes went into effect, their impact has not been conclusively demonstrated, but many colleges have reported a drop in donations. Another factor that may have reduced the level of giving is that high-income taxpayers have less incentive to give as a result of lower marginal tax rates on income that were instituted as part of the 1986 reform. The 1986 law also changed the rules for tax-exempt bond financing, thus placing particular constraints on large private universities.

Other changes legislated in 1986 have affected students and parents:

- The elimination of tax-deductible Clifford Trusts designed for very high-income families and changes in taxation of unearned income of children under the age of 14 have reduced the advantage of transferring income from parent to child as a means of saving for educational purposes. For the great majority of families, however, a transfer of income remains a viable college savings technique with a tax benefit.
- An individual may not take a personal exemption on his or her own tax return if he or she is eligible to be claimed as a dependent on another's return. Thus students under the age of 23 who up to 1986 were allowed to benefit from such an exemption are no longer able to claim it.
- The deduction for consumer interest, including interest on education loans to students and parents, was phased out. However, home mortgage interest remains deductible, and taxpayers are able to deduct interest payments on home equity loans used to meet educational expenses.
- Scholarships, fellowships, and federal grants to graduate and undergraduate students are counted as taxable income to the extent these awards, either individually or together, exceed the cost of tuition and related expenses. For most students, the increase in the standard deduction has mitigated the impact of this change, producing little or no tax liability. Those potentially affected are married students with spouses earning income, athletes receiving full scholarships, and, paradoxically, some of the neediest students (those with large grants).

Almost as soon as the Tax Reform Act of 1986 was signed into law, bills were introduced in Congress to restore the exclusion of scholarships and fellowships from taxable income, the deductibility of interest on student loans, the full deduction for gifts of appreciated property, and other provisions that had just been repealed or scaled back. But recovery of losses in the 1986 law has not come easily for higher education or any other constituency. Other than correcting technical errors, the congressional tax-writing committees in the late 1980s were determined to let the new law take effect, holding the line on the 1986 reform.

Moreover, higher education experienced something of a political backlash in the tax reform debate, with a perception in some quarters that well-endowed institutions had abused their tax-exempt status through creative financing schemes that took advantage of tax loopholes. At one point in the late 1980s the House Ways and Means Committee floated a proposal for a five percent tax on endowment income of colleges and universities. Also under scrutiny has been the question of taxing the unrelated business income of non-profit organizations, money gained from activities not directly tied to the organizations' purpose. Small businesses have complained that tax-exempt status gives non-profits an unfair competitive edge, and have singled out college and university travel services, bookstores, and research programs as examples.

With the relentless pressure for deficit reduction, the outlook for higher education in the tax policy arena has not substantially improved in the early 1990s. In 1993, however, higher education did win at least one significant concession as part of the five-year Clinton budget package. As passed by Congress, the legislation restores the full tax deductibility of gifts of appreciated property. The 1993 legislation also retroactively restores two tax provisions that had expired in 1992: the tax break for corporate spending on university research mentioned above, and the exemption from personal income tax of employer-provided educational benefits to employees.

Apart from the recent tax reform movement, higher education continues to absorb the impact of long-term growth in Social Security taxes and unemployment insurance contributions required by employers. Because college and university budgets are made up disproportionately of personnel costs, higher education is more heavily affected by the rapid rise in payroll taxes than are some other sectors.

Federal Regulation and Its Impact

Concern about the impact of federal regulation on the internal affairs of universities was one of the most controversial issues in government-university relations in the late 1970s. One analyst wrote in dramatic tones:

> Not only legislatures and federal agencies but the courts as well are willing to scrutinize every exercise of discretion on the basis of a complaint. This is the twilight of autonomy and authority. The prevailing tides of opinion currently are egalitarian and legalistic and they are joined to a simplistic view of society and the likelihood of its improvement.[15]

Federal regulation of higher education derives from two principal sources: the requirements of accountability that accompany the receipt of federal funds; and the dictates of social legislation, as well as executive orders and judicial decisions stemming from such legislation.[16] To the degree that government officials insist on accountability for the proper expenditure of funds, and congressional mandates addressing a range of social problems remain in force, there will be complexity and strain in the relationship of government and higher education. Tensions are inherent, given the traditions of academic autonomy, the mandates of Congress, the missions of federal agencies, and the responsibilities of those agencies for the stewardship of taxpayer dollars.

The federal government influences higher education through scores of statutes and regulations administered by diverse federal agencies. Some mandates, such as the Americans with Disabilities Act, or regulations of the Environmental Protection Agency and the Occupational Safety and Health Administration, affect all types of organizations equally. Others, such as the Buckley Amendment on privacy rights of students and Title IX of the Education Amendments of 1972 barring sex bias, are specific to educational institutions. Colleges have long argued that such regulatory burdens contribute to their spiralling costs. But there is no documentation of the extent to which higher education is disproportionately affected by federal requirements, thereby justifying the more rapid increases in college charges during the past decade relative to prices of other goods and services in the economy.

The academic community has long been wary of entanglement with government, but only a few, mainly independent, religiously affiliated institutions, have consistently refused funds from

Washington. The great majority of colleges have accepted federal patronage, even though it exacts a price in the expenses of compliance and in the distraction and intrusion of external controls. During the 1980s higher education's concerns on this front receded to some degree. The Reagan administration's widely publicized support for regulatory relief altered the climate of regulation. Enforcement eased in some areas, and over the years colleges learned to accommodate to the bureaucratic requirements of the government, tempering previous conflicts. Some institutions actually bargained with the federal government to lessen their regulatory burden. Prior to the highly publicized controversy over indirect costs in the early 1990s, for example, Yale and Stanford had accepted lowered indirect cost reimbursement on research contracts in exchange for reduced federal reporting requirements. But in many respects regulatory burdens have mounted not only for colleges but for all sectors of society in recent years. Higher education, along with other constituencies, has complained about the proliferation of "unfunded mandates" from Washington—legislative and regulatory requirements imposed by the federal government without federal funding to help pay the costs of compliance.

The balance of the 1990s will no doubt be replete with regulatory challenges for higher education. The indirect cost issue remains highly charged and problematic for the research universities. IRS scrutiny of colleges appears to be intensifying as tax regulations and compliance procedures grow more complex for an non-profit institutions. An arena of ongoing debate and litigation will be civil rights enforcement and the desegregation of public systems of higher education.[17] While the Supreme Court's 1954 decision in *Brown* v. *Board of Education* applied to collegiate as well as to elementary and secondary education, it was not until 1992 that the Court handed down a decision providing guidance for ending patterns of racial segregation in state postsecondary systems. In *U.S.* v. *Fordice,* the Supreme Court ordered a lower court to review all policies that "Contribute to the racial identifiability" of Mississippi's public colleges and universities, and to eliminate those policies that cannot be justified. Interpreting and applying *Fordice* will take years, both in the federal courts and in the enforcement activities of the Office of Civil Rights of the U.S. Department of Education. A great deal is at stake not only for Mississippi, but for as many as 15 other states that have faced legal challenges to their higher education systems on grounds of alleged discrimination. Finally, a major challenge of the Clinton years will be in the student aid arena where, as suggested earlier in this chapter, the continuing high loan default rates and concerns about program abuse will demand policy solutions for the sake of both taxpayer and consumer protection.

The unique regulatory dilemma in student aid is the sheer number and diversity of schools and kinds of training supported by programs under Title IV of the Higher Education Act. Applying the same rules and simultaneously regulating the use of student aid subsidies by some 5,000 proprietary schools and 3,000 collegiate institutions simply does not work. So far Congress has been unwilling to consider disaggregating federal student aid policy and differentiating delivery mechanisms by postsecondary sector or length and nature of training. But the Clinton administration appears ready to take another look at this issue. Under consideration are proposals to split off vocational training from current student aid programs, possibly transferring responsibility for such training to the Labor Department where it would be supported through federal contract authority.

For collegiate institutions such a shift would have the effect of lifting some of the current burden of default prevention and related measures that are designed primarily to address trade school problems but must be applied across the board. But the colleges would not necessarily be let off the regulatory hook under the Clinton scenario. Traditional institutions of higher education have become increasingly vocational in their offerings, and many, especially two-year colleges, enroll large numbers of students who lack basic skills and enter college requiring remedial training that now is often supported by federal aid programs. If federal policymakers decide to treat postsecondary vocational training separately, many distinctions are going to have to be sorted out as to what constitutes "vocational" as well as "postsecondary."

Moreover, new federal cost and performance standards may be aimed at all types of schools. Clinton administration officials note that K-12 education policy debates are now centered on developing national standards, raising expectations of students and schools, systemic reform, and outcomes-based performance. They hope to spark a similar focus and movement in the postsecondary policy arena. Specific plans have yet to unfold, but lively debate on such proposals can be expected both in Washington and in the postsecondary community during the mid-1990s.

Prospects for the Federal Role in Higher Education

To recap, among key issues that will shape the federal role in higher education in the 1990s and beyond are the following:

- Student aid reforms will continue to focus on improving the delivery of federal dollars to intended beneficiaries. Debates will focus on whether to establish an overall federal aid maximum per student, target Pell Grants to allow for increases in award levels, and strengthen cost and academic standards conditioning institutional eligibility for federal student aid. There may also be consideration of whether student aid is the most appropriate mechanism for funding all postsecondary activities, including short term vocational training and remediation for students unprepared to do college-level work.
- A principal question looming over the future federal role in research is whether federal funding will continue to increase in real terms given persistent concerns about existing research practices in academia and unrelenting pressure to reduce federal budget deficits. Specific issues will include finding means to upgrade the physical infrastructure of scientific research and reforming the indirect cost recovery process.
- Tax policy debates affecting higher education will center on continued efforts to restore or make permanent provisions that were deleted or made temporary by the 1986 and subsequent tax laws. These issues, however, will be considered in the much broader context of tax policy changes intended to stimulate economic growth and reduce the federal budget deficit.
- The chief regulatory issue for higher education in the 1990s is whether the trend toward unfunded mandates continues under the Clinton administration's campaign to reinvent government. Colleges should also be prepared for regulatory efforts specific to postsecondary student aid, including federal initiatives to promote both cost containment and greater quality control in higher education.

The federal government will undoubtedly continue to make important contributions to enhancing the academic enterprise and equalizing educational opportunities in America. As in the past, federal support will supplement the basic funding provided from state and private sources, and it will spring from objectives such as economic competitiveness rather than from an interest in education for its own sake. And funds, along with regulations, will continue to flow from a variety of agencies in Washington. Such support is untidy, piecemeal and not without headaches for institutions, students, and states. But the pattern serves a variety of national purposes and, in fact, ultimately may better serve to protect institutional diversity, students' freedom of choice, and independent thought in American education than would an overarching federal policy.

Notes

1. For the historical development of the federal role in higher education, see George N. Rainsford, *Congress and Higher Education in the Nineteenth Century* (Knoxville, Tenn.: University of Tennessee Press, 1972). The two private universities benefitting from the Morrill Land-Grant College Act are MIT (established in 1861) and Cornell University (1865).
2. Terry Sanford, *Storm Over the States* (New York: McGraw Hill, 1967), p. 63.
3. Lawrence E. Gladieux and Thomas R. Wolanin, *Congress and the Colleges: The National Politics of Higher Education* (Lexington, Mass.: Lexington Books, 1976), p. 226.
4. An approach to assessing the indirect effects of student aid has been outlined by Michael S. McPherson in "Silver Linings: Student Aid's Unintended Good Deeds," paper presented at the Annual Meeting of the American Educational Research Association, April 1987.
5. Chester E. Finn, Jr., "A Federal Policy for Higher Education?" *Alternative,* May 1975, 18–19.
6. Washington Office of the College Board, *Trends in Student Aid: 1983 to 1993* (Washington, D.C: College Entrance Examination Board, 1993).
7. Ibid.
8. For greater depth analysis on graduate student assistance, see Council of Graduate Schools, *Graduate Student Financial Support: A Handbook for Graduate Deans, Faculty, and Administrators* (Washington, D.C.: Council of Graduate Schools, 1990).
9. Michael S. McPherson and Morton Owen Schapiro, *Keeping College Affordable. Government and Educational Opportunity* (Washington, D.C: The Brookings Institution, 1991).
10. National Commission on Responsibilities for Financing Postsecondary Education, *Making College Affordable Again* (Washington, D.C.: National Commission on Responsibilities for Financing Postsecondary Education, 1993).
11. Representative Rick Boucher, chairman of the Subcommittee on Science of the U.S. House of Representatives Committee on Science, Space, and Technology, "Science Policy for the 21st Century," *Chronicle of Higher Education,* September 1, 1993.
12. National Science Foundation, Division of Science Resources Studies, *Early Release of Summary Statistics on Academic Science/Engineering Resources* (Washington, D.C.: National Science Foundation, 1986).
13. Deborah H. Shapley and Roy Rustum, *Lost at the Frontier* (Philadelphia Institute for Scientific Information Press, 1985), p. 39.
14. Robert Rosenzweig, "The Debate Over Indirect Costs Raises Fundamental Policy Issues," *The Chronicle of Higher Education,* March 6, 1991; and U.S. General Accounting Office, *Federal Research System for Reimbursing Universities' Indirect Costs Should Be Reevaluated* (Washington, D.C., August 1992).
15. Robert A. Scott, "More Than Greenbacks and Red Tape: The Hidden Costs of Government Regulations," *Change*, April 1978, 16.
16. John T. Wilson, *Academic Science, Higher Education, and the Federal Government: 1950–1983* (Chicago: University of Chicago Press, 1983), pp. 104–106.
17. For more on the impact of civil rights enforcement and other litigation on colleges and universities, see the subsequent chapter in this volume by Walter C. Hobbs on the involvement of the courts in higher education.

The Changing Structure of State Higher Education Leadership[1]

AIMS C. MCGUINNESS, JR.

State higher education leadership, the primary responsibility of state boards and their executive officers, is perhaps the most difficult, and often thankless, assignment in either state government or higher education. By definition, the role is to be caught in the middle, to serve as a "suitably sensitive mechanism" for handling the interaction between demands of society and the internal values and priorities of the academy.[2] From the perspective of colleges and universities, the board should serve as a buffer against inappropriate external intrusion and should advocate the needs of higher education to the state and the broader society. From the perspective of the public and the state political leadership, the board should transmit the priorities of the broader society to the academy, be a force for change and a protector of the broader public interest. In the best of times, the role is to be a constructive, mediating force between often contradictory perspectives. But in more times than not, it is to be vilified by one side or the other, occasionally ignored altogether and sometimes crushed in the middle.

In the likely conditions of the next decade, state higher education leadership will demand exceptional skills in bridging the widening gap between societal expectations and the capacity and often willingness—of colleges and universities to respond. Severe resource constraints, growing public distrust in the capacity of large bureaucracies to respond to rapid change, and widely differing views about the ends that colleges and universities should serve, will exacerbate already strained relationships.

How to shape the structures and policies for a constructive relationship between the state and higher education will be one of the most important challenges of the next decade. It is time for states to step back and examine the relevance for the next century of structures formed for an earlier time. Some of the structures are still relevant. But others have long outlived their usefulness. New thinking is needed about how to engage the broader public in shaping an agenda for change and investing in the future—and new thinking about how states can create the policy environment that will stimulate and support what may be the most fundamental transformation of colleges and universities the nation has witnessed since World War II.

This opening essay presents an overview of the current status of state higher education structures as they have evolved over the past quarter-century. It then describes how these structures are currently changing and raises issues for the future. The intent is to provide basic information for state policymakers and higher education leaders who seek a comparative and historical perspective, as well as guidance on both the process and substance of major organizational changes. The overview:

- Defines terms and presents classifications commonly used in describing coordination and governance.
- Describes the current status of state structures.
- Provides an historical perspective of changes over the past 25 years.

- Provides an overview of trends and issues.
- Concludes with guidelines for states considering evaluation or reorganization of their higher education systems.

Endnotes provide references to other publications for those interested in pursuing specific issues in greater depth.

Description and Classification of State Structures

Differences between Governance and Coordination

State structures can be understood from two perspectives: first, in terms of **public college and university governance** or how the state governs public institutions; and second, in terms of **statewide coordination** or how the state provides, if at all, for coordination of the overall higher education or postsecondary system, including both public and private institutions.

Public College and University Governance

All states assign responsibility for the operation of public colleges and universities to governing boards. The names of these boards vary, but "board of trustees" and "board of regents" are the most common. The responsibility of these boards is much the same as that of a board of directors for any nonprofit corporation. They appoint the campus chief executive (and in systems, the system chief executive); establish policies and approve actions related to faculty and other personnel; ensure institutional fiscal integrity; and perform other policy and management functions. Public governing boards can be categorized as follows:[3]

- **Consolidated governance systems.** One board covers all two-year and four-year public campuses or one board covers all four-year campuses, including research universities and other four-year institutions, with separate arrangements for two-year institutions.
- **Segmental systems.** Separate boards cover separate types of campuses, such as research universities, comprehensive colleges and universities, and community colleges. In several states, separate boards have been established for postsecondary technical institutes and adult education (e.g., Georgia and Wisconsin).
- **Single-institution boards.** These are "autonomous" where they have full authority over a single institution and do not operate under the overall authority of a consolidated governing board or multicampus system. For example, each public college and university in Virginia has a single-institution board that has full authority over the institution. In several consolidated systems, campuses also have their own boards. For example, in North Carolina and Utah, the campus boards have authority delegated by the central board and can make some decisions on their own. In the State University of New York system, the campus boards are largely advisory.[4]

Governing boards of public institutions were modeled after the lay boards of private nonprofit colleges and universities which, in most instances, govern single institutions. Perhaps for this reason, many retain an impression that the single board/single institution pattern is dominant in American public higher education. The reality is that 70% of the students in American public higher education are on campuses that are parts of multicampus or consolidated systems of multiple campuses all under a single governing board.[5]

Statewide Coordination

"Coordination" is the term used most often to describe the formal and informal approaches taken by states to handle the interconnections between the state and the higher education enterprise. It has become common for "coordination" to refer primarily to the actions of agencies formed explicitly for this purpose. In a broader sense, however, coordination occurs through a wide array of mechanisms, from governors' and legislators' actions, to the informal networks and associations of institutions, their administrative staffs, faculties and students.[6,7]

Increasingly, the "coordination" function is shared among several state-level boards or agencies. In what is called a "coordinating board" state, entities in addition to the coordinating board itself might include: the policy and budget staff in the governor's office, a student financial assistance agency, an institutional licensure agency, the federally-required State Postsecondary Review Entity, and a community college coordinating or regulatory agency.

Nine Coordinating Functions. States typically assign the following nine statewide coordinating functions to one or more boards or agencies.

- **Planning.** Most states carry out some form of long-range or strategic planning. This examines the long-range state needs, establishes state goals and objectives, considers the resources of all institutions (often both public and private) and recommends public policy priorities. In some states, the process focuses on the preparation of a periodic "master" or "strategic" plan. In an increasing number of states, a conscious decision has been made not to produce a single document called a "master" or "strategic" plan but instead to carry out special studies resulting in a series of reports that together represent the state's policy direction for higher education.
- **Setting a state policy agenda and serving as change agents.** Since the mid-1980s, many governors and legislators have expected state boards to play a more distinct and visible policy leadership role. Their expectation is that the board set forth a public agenda for the future of the state's higher education system and carry it out through policies aimed at stimulating institutional change. Often this is a more aggressive leadership role than boards traditionally have played through master planning. These state agendas vary, but typically have included issues such as: raising the education attainment of the population through restructuring of public education and undergraduate education; increasing minority participation and achievement; and revitalizing the state's economy through improved professional education, training, research and technology. Rather than being a process aimed only at the internal priorities of the higher education system, these agendas seek to influence the aspirations and priorities of the general public and of corporate, civic and political leaders. In some cases, this is done by a blue-ribbon commission, and the state board is charged to carry it out and sustain the momentum for reform.[8]
- **Policy analysis and problem resolution.** In addition to the analysis carried out in the formal planning process, states undertake special studies on issues that transcend the concerns of any single institution. These may relate to long-term issues such as planning for ways to accommodate increasing enrollments or shifts in enrollment fees demand; minority access and achievement; affordability issues (e.g., tuition and student financial aid); or the implications of technology for new forms of service delivery. Or, they may concern specific inter-sector or inter-institutional issues such as the feasibility of a new engineering program, student transfer and articulation, or means to deliver graduate and professional programs to place-bound adults in rural areas. Typically, these studies are undertaken at the request of the governor or legislature, as a board initiative or some other body external to the institutions.

- **Mission definition.** As an outgrowth of the planning process, a number of states define the missions of each public college and university in terms of degrees to be awarded, the programs to be offered and clientele to be served. These mission statements are intended to guide both institutional and state-level decision making on new degree and program proposals, budget and financing formula development and other coordinating functions.[9]
- **Academic Program Review.** Most states examine proposals from institutions for new academic programs. Since the late 1970s, many states as well as multicampus systems have instituted periodic reviews of existing programs. During periods of severe fiscal stringency, program review is used as a key strategy to identify programs for termination and areas for quality and productivity improvements.[10,11]
- **Budget development, funding formulas and resource allocation.** All states have processes for reviewing and approving institutional operating and capital budgets, allocating funds to systems or institutions, and ensuring financial accountability. The role of the higher education agency varies in relation to those of the governor and legislature, the state budget and other actors. Some states delegate budgetary authority to an agency, whereas in others, the governor or legislature maintain direct control of most of the steps in the budget process.[12]
- **Student financial assistance and administration of other programs.** States assign administrative responsibilities for state and federal programs to one or more agencies. The most common administrative responsibilities relate to state student grant and loan programs. Overall state policy for these functions is typically determined as part of state budget development.
- **Information, assessment and accountability systems.** Statewide data systems are among the most common core functions of coordinating boards. These systems are used to gather data and produce reports primarily on enrollments, expenditures and revenues, and the characteristics of institution's basic assets (e.g., facilities, faculty and staff). In the past decade, the emphasis has shifted decidedly from resources and inputs toward outcomes or performance indicators. Many states now have requirements that institutions establish programs to assess student learning, most of which were established in the late 1980s. More recently, states have developed performance indicator systems that require institutions to prepare "report cards" to the state and the public on their performance in relation to their missions.[13]
- **Institutional licensure and authorization.** All states have statutes requiring institutions to be licensed or "authorized" to operate within the state. The standards applied by these entities vary greatly. As a result of a 1992 amendment to the federal Higher Education Act creating a new Part H, states are now required to designate a State Postsecondary Review Entity (SPRE) to be responsible for reviewing "triggered" postsecondary education institutions for continued eligibility for participation in federal student aid programs. Initially, the focus will be on institutions triggered for review based on significant loan default rates. In all but a few cases, the principal state higher education agency is designated as the SPRE.

Classification of State Structures

A number of classification systems have been developed since the 1960s to describe the variations in state structures. None is entirely satisfactory in reflecting the subtle differences among boards and agencies.[14,15] Most make a distinction among three basic kinds of state structures.

Consolidated governing board states. These states assign responsibility for coordinating functions for most, if not all, higher education to a board whose primary responsibilities relate to governing the institutions under its jurisdiction. Most of these boards would be in the category of consolidated governing board as defined by Clark Kerr and Marian Gade although in several states the responsibility is shared between two segmental boards, one for four-year institutions and the other for community colleges or technical institutions. A consolidated governing board:

- Usually heads a single corporate entity which encompasses all institutions within the system.
- Carries out coordinating responsibilities in addition to its responsibilities for governing institutions under its jurisdiction.
- Has authority both to develop and implement policy.
- Advocates for the needs of the institutions to the legislature and governor.
- Appoints, sets compensation for, and evaluates system and institutional chief executives.
- Sets faculty personnel policies and usually approves tenure.
- Has authority to allocate and reallocate resources between and among the institutions within its jurisdiction.
- Establishes policies for and, in some cases, sets tuition and fees.

Coordinating board states. These states assign responsibility for coordinating functions to a single board **other than** one of the governing boards. These states govern their institutions through single-institution boards (boards for each college or university), segmental boards, or some combination of these. Governance, as opposed to coordination, is relatively decentralized. The range of formal board authority is wide. In the tables in this overview (Tables 1 and 2), coordinating boards are subdivided into:

- **Regulatory coordinating boards,** those that have authority to **approve** academic programs, presumably indicating a greater degree of authority to regulate the substance of academic policy.
- **Advisory coordinating boards,** those that have authority only to **review and make recommendations regarding academic programs** to the institutional governing boards.

A board's power and influence in these areas is related less to its formal authority than to its position of respect and to its reputation for objective, fair and open policymaking. Therefore, a number of advisory coordinating boards have much more influence than their regulatory counterparts. Also, some of the advisory boards actually carry out only limited coordinating functions and primarily administer student financial aid programs or carry out licensure and SPRE responsibilities.

In general, a coordinating board, in contrast to a governing board:

- Does not govern institutions, in the sense that this is defined above (e.g., appoint institutional chief executives or set faculty personnel policies).
- Usually does not have corporate status independent of state government.
- Focuses more on state and system needs and priorities than on advocating the interests of the higher education community. As Berdahl describes the function, these boards serve as "suitably sensitive mechanisms" providing for a continuing transmission of the state's interests to higher education and higher education's needs to the state.[16]
- Plans primarily for the system as a whole. In most states with a coordinating board, this planning includes all institutions, both public and private.
- Appoints, sets compensation for and evaluates only the agency executive officer and staff but not the institutional chief executives. In several states, the governor is the final appointing authority, usually based on recommendations from the coordinating board.
- May or may not review and make recommendations on budgets. A few coordinating agencies recommend consolidated budgets for the whole public system. Others simply make recommendations to the governor or legislature on individual institutional or segmental budgets.

- May or may not review or approve proposals for new academic programs and may or may not have authority to require institutions to review existing programs.

Planning agency states. These are states with essentially no coordinating authority delegated to a statutory entity that extends much beyond a voluntary planning and convening role and ensuring good communications among institutions and sectors.

Other Important Differences among States

Beyond these formal categories, subtle differences tend to make each state unique, despite what may appear to be a structure that is similar to those in other states. Differences in state history and political culture are especially important, including the following:

- **Legislative and executive branch roles.** In some states, the constitutional power is in the legislature and the governor has only limited authority. In others, it is the governor who carries most of the power.
- **Regional economic and political differences.** Because colleges and universities are critical to regional economies, higher education politics often reflects long-standing regional differences and conflicts. In fact, those states with the most severe regional imbalances (e.g., growing urban areas that are threatening isolated rural areas) tend to be those with the most unstable higher education coordinating and governing structures. In some states, more centralized, bureaucratic structures are seen as necessary to counter the intense regionalism in state politics.
- **State cultures regarding the role of the private sector.** A number of states, especially those in the Northeast and Midwest, have well-established and highly respected private higher education sectors. Beyond higher education, some states also have long-standing traditions of recognizing, if not chartering, private entities to serve public purposes. In these states, major public universities are often organized as private corporations for public purposes. In contrast, other states, especially in the West, have strong traditions of carrying out public functions only through publicly owned and controlled entities. Public colleges and universities are treated more as state agencies than as independent corporations. These cultural differences extend to debates about access and affordability and the appropriate levels of tuition and fees and state support for student financial aid. Underlying all these points are differences in the extent to which higher education is seen as a societal or individual benefit.
- **State population and enrollment.** States that have consolidated governing boards usually have systems that are comparatively less complex and with smaller enrollments (less than 100,000, and in some cases, less than 25,000). Georgia, North Carolina and Wisconsin are three major exceptions. Most of the coordinating board states have large enrollments (a third with enrollments over 200,000) and complex systems of multicampus, segmental and individual governing board arrangements.
- **Tradition and quality of leadership.** While traditions may endure, changes may occur in the leadership qualities of board members, state agency chief executives and staffs and institutional leaders. A board that is recognized as strong and effective at one point in time may be seen as weak and ineffective at another. The quality of leadership of the governor and key legislators can also make a profound difference. More than formal authority, those variables that tend to define the strength and effectiveness of a higher education board include:
  - Prestige and credibility of board members.
  - The board's performance as a cohesive policymaking group as opposed to a collection of individual interests.

- The reputation of the board and executive leadership for objectivity, fairness, sound judgment and constructive conflict resolution.
- The ability of the board to focus its agenda on major policy issues confronting the state and the higher education system. This means that the board has found ways to organize its work, to delegate and to manage its time effectively.

Current Status of State Structures

The status of state structures as of 1994 is illustrated in Tables 1, 2 and 3.

- **Table 1** displays all states according to the three broad categories previously described. Reading Table 1 from left to right, the boards in the states at the left have greater formal authority related to academic programs than those to the right. Note that several states (and Puerto Rico) are placed in more than one category to reflect distinctive structural characteristics.
  - **Twenty-three states, the District of Columbia and Puerto Rico are consolidated governing board states.** Five of these states (Alaska, Florida, New Hampshire, Oregon and Vermont), the District of Columbia and Puerto Rico also have advisory coordinating or planning entities, responsible most often for functions such as student financial aid administration, institutional licensure and SPRE.
  - **Twenty-six states and Puerto Rico are coordinating board states, twenty-two (including Puerto Rico) of which have regulatory boards and six of which have advisory boards.** In two cases (Alaska and Florida), the advisory coordinating board is in addition to the state's consolidated governing board.
  - **Five states and the District of Columbia have planning agencies.** Three states (New Hampshire, Oregon and Vermont) and the District of Columbia have such entities in addition to a consolidated governing board. These entities have limited formal authority, except to the extent that they perform state licensure or quality control functions. In the case of Vermont, the entity is basically a voluntary planning and coordinating body.
- **Table 2** displays patterns of campus governance within the states listed under the broad categories of Table 1.
  - As in Table 1, twenty-three states are shown with consolidated or multicampus boards.
  - The states in the other two categories, coordinating board and planning agency, are subdivided according to the complexity of system and institutional governance.
  - The governance patterns range from states in which each institution has its own governing board (Washington and the universities in Virginia, as examples), to states in which all institutions are under two or more consolidated governing boards or multicampus universities (California, Connecticut, Illinois and Tennessee, as examples), to states with a mixed pattern of single-institution boards, consolidated governing boards and multicampus universities (Colorado and Maryland, as examples).
- **Chart I** illustrates six basic patterns of coordination and campus governance. These relate to the various sub-categories in Table 2.

  The organizational structure, authority and staffing of the higher education systems listed under "consolidated governing board" vary far more than the two categories listed in Table 2. For example:
  - The governing board in Wyoming is responsible for a single university.
  - The titles and formal authority of the consolidated governing board executive officers varies widely. The governing boards in Florida, Georgia, Maine, Nevada, New Hampshire, North Carolina, Oregon, West Virginia and Wisconsin have chief executive officers with the title of chancellor or president. These officers play a lead role

TABLE 1—Authority of State Boards of Higher Education, 1994

Consolidated Governing Boards		Coordinating Boards						Planning Agencies
Number=23 states plus DC and Puerto Rico		**Regulatory Boards (o)** With Program Approval Authority Number=21 states and Puerto Rico			**Advisory Boards (o)** With Program Review and Recommendation Authority Only Number = 6 states			Number = 5 states plus DC
Board for All Public Institutions	Board for All Senior Institutions/ Separate Board for Community Colleges or Tech. Insts.	Consolidated or Aggregated Budget	Budget Review and Recommendation	No Statutory Budget Role	Consolidated or Aggregated Budget	Budget Review and Recommendation	No Statutory Budget Role or Program Approval Role	No Statutory Budget Role or Program Approval Role
Alaska (b) Hawaii Idaho (a) Maine (c)(d) Montana Nevada North Dakota Rhode Island South Dakota Utah DC (b) Puerto Rico (b)	Arizona Florida (a)(b) Georgia (c) Iowa Kansas Mississippi NH (c)(b) North Carolina Oregon (b)(i) Vermont (b)(m) WV (j) Wisconsin (c) Wyoming (k)	Alabama Arkansas Connecticut Illinois Maryland New Jersey (f) Ohio Oklahoma South Carolina	Colorado (e) Indiana Kentucky Louisiana Massachusetts (l) Missouri Nebraska Tennessee Texas (e) Virginia Washington	New York (a) Puerto Rico (b)	Florida (a)(b)	Alaska (b) California Minnesota New Mexico (g) PA (a)(h)		Delaware Michigan (a) NH (b)(c) Oregon (b)(i) VT (b)(m) DC (b)
States = 10 plus DC & PR	States = 13	States = 9	States = 11	States = 1 plus Puerto Rico	States = (1)	States = 4(1)		States = 2(5) plus DC

[**] Numbers of states will not add up to 50 because some states have two types of agencies. Duplicate numbers are in ( ).

(a) State board/agency responsible for all levels of education.
(b) State has both a statutory coordinating or planning body and statewide governing board(s).
(c) In Georgia, New Hampshire, Wisconsin and Maine, postsecondary technical institutes are under an independent statewide board.
(d) Maine Maritime Academy is under an independent board.
(e) Board develops formula on the basis of which allocations are made to institutions.
(f) Proposal pending for New Jersey Commission on Higher Education has limited program approval authority.
(g) New Mexico Commission has statutory authority only for approval of new graduate programs.
(h) Pennsylvania Education Department has program approval authority only in limited areas (e.g., teacher education).
(i) Oregon entity is within the Governor's Office.
(j) West Virginia has two statewide governing boards—the Board of Trustees for the University of West Virginia System and the Board of Directors for the State College System.
(k) University of Wyoming is the state's only senior public institution.
(l) MA Higher Education Coordinating Council has broader budget authority for community and state colleges than for the University of Massachusetts System. It allocates appropriated funds among the community and state colleges.
(m) All public higher education in VT is under either University of VT or the Vermont State Colleges. Higher Education Council is a voluntary coordinating entity with no formal authority.
(n) Distinction between regulatory and advisory coordinating boards is based on the extent of a board's authority for program approval.

TABLE 2—Patterns of Campus and System Governance, 1994

Consolidated Governing Boards		Coordinating Boards						Planning Agencies		
		Regulatory Boards			Advisory Boards With Program Review and Recommendation Authority Only					
Board for All Public Institutions	Board for All Senior Institutions/ Separate Board for Community Colleges or Tech. Insts.	Multicampus or Segmental Systems	Mixed Single Institutional Boards & Multicampus or Segmental Systems	Primarily Single Institutional Boards	Multicampus or Segmental Systems	Mixed Single Institutional Boards & Multicampus or Segmental Systems	Primarily Single Institutional Boards	Multicampus or Segmental Systems	Mixed Single Institutional Boards & Multicampus or Segmental Systems	Primarily Single Institutional Boards
Alaska (b)	Arizona	Connecticut	Alabama	Ohio (j)	Alaska (b)	New Mexico		NH (b)(c)		Delaware
Hawaii Idaho (a) Maine (c)(d)	Florida (a)(b) Georgia (c) Iowa	Illinois Louisiana (h) MA (i)	Arkansas Colorado Indiana	Virginia (k) WA (j)(k)	California Minnesota Florida (a)(b)	PA (a)		Oregon (b) VT (b)(g)		Michigan (a)
Montana Nevada North Dakota	Kansas Mississippi NH (c)(b)	Nebraska New York Tennessee	Kentucky Maryland Missouri					DC (b)		
Rhode Island	NC		New Jersey							
South Dakota	Oregon (b)(i)	PR (b)	Oklahoma							
Utah	VT (b)(g) WV (e)		SC Texas							
DC (b) PR (b)	Wisconsin (c) Wyoming (f)									

(a) State board/agency responsible for all levels of education.
(b) State has both a statutory coordinating or planning body and statewide governing board(s).
(c) In Georgia, New Hampshire, Wisconsin and Maine, postsecondary technical institutes are under an independent statewide board.
(d) Maine Maritime Academy is under an independent board.
(e) West Virginia has two statewide governing boards—the Board of Trustees for the University of WV System and the Board of Directors for the State College System.
(f) University of Wyoming is the state's only senior public institution.
(g) All public higher education in VT is under either University of VT or the Vermont State Colleges. Higher Education Council is a voluntary coordinating entity with no formal authority.
(h) In Louisiana, Delgado Community College has an independent board.
(i) In Massachusetts, the Coordinating Council is legally the statewide governing board for the community colleges and state colleges, but most governing authority is delegated to institutional governing boards. The council is the coordinating agency for all higher education, including the University of Massachusetts.
(j) In Ohio and Washington, several institutions have branch campuses.
(k) In Virginia and Washington, community colleges are under state agencies/boards.

in selecting and evaluating the campus chief executives. In some cases, the campus CEO reports to the board through the chancellor or president. In other cases, the campus CEO reports to the board, but the system CEO oversees the system/campus relationships on behalf of the board.

  - The boards in Mississippi, Montana, Rhode Island and Utah have chief staff persons with the title of "commissioners" with system leadership responsibility but less direct line authority related to the campuses than in the systems with presidents or chancellors. In Arizona, Idaho, Iowa, Kansas and South Dakota, the boards have executive officers who are responsible primarily for staff support to the board rather than line authority for the system.

  In the past decade, the authority of governing board executive officers has been a continuing issue in most of these states. The trend has been for these officers to be assigned increased responsibility for policy leadership and direction of their systems, and the titles have been changing accordingly.[17]

- **Table 3** illustrates the different ways that states coordinate, regulate and govern community colleges, postsecondary technical institutes and other two-year or lower-division institutions. This table reflects the significant differences among these categories of institutions throughout the nation and in the ways that states organized to meet a variety of needs at the less-than-baccalaureate level. Each of these points is reflected in structures for coordination and governance.
  - **Origins.** Some evolved from local school districts and have historically been connected with K-12 public education at the state level; others were formed as branches of four-year institutions primarily for transfer students and are therefore linked to university systems; and still others were free-standing technical institutes with strong ties to the state vocational education structure.
  - **Financing.** For some, funding is shared between local and state tax revenues, with the result that governance is decentralized within a state coordinating and regulatory framework; for others, funding is largely from state appropriations, with the result that governance is more centralized; for others, funding is through the main campus of a multicampus system.
  - **Mission, educational philosophy and student clientele.** Some are open-admissions, comprehensive community colleges, offering short courses, occupational programs, transfer programs, remedial programs and a host of other community services to both youth and adults. These institutions tend to be highly local in their governance and advisory structures. Others are highly selective technical institutes linked to state vocational/technical structures. And still others are lower-division transfer programs offering primarily programs in general education and liberal arts and sciences and have strong governance ties with the sponsoring university.

Historical Review of Changes in State Structures

The basic patterns of state-level organization across the nation today were in place in the early 1970s. The year 1972 marked the culmination of more than a decade of development of state higher education agencies formed to coordinate the massive expansion in the late 1950s and 1960s. By that year, 47 states had established either consolidated governing boards responsible for all senior institutions (and in some cases, community colleges also) or coordinating boards responsible for statewide planning and coordination of two or more governing boards. Three states with a limited number of institutions did not form a special statutory agency, but continued to handle statewide higher education issues through existing governing boards, informal coordination and direct involvement of the governor and state legislature.

Chart I

Six Basic Patterns of State Coordination & System/Campus Governance

Key

▭ = Consolidated or Multi-Campus Governing Board

⬡ = Regulatory or Advisory Coordinating Board

○ = Senior 4-yr. College or University Campus

△ = Community College Technical Institute 2-yr. Campus

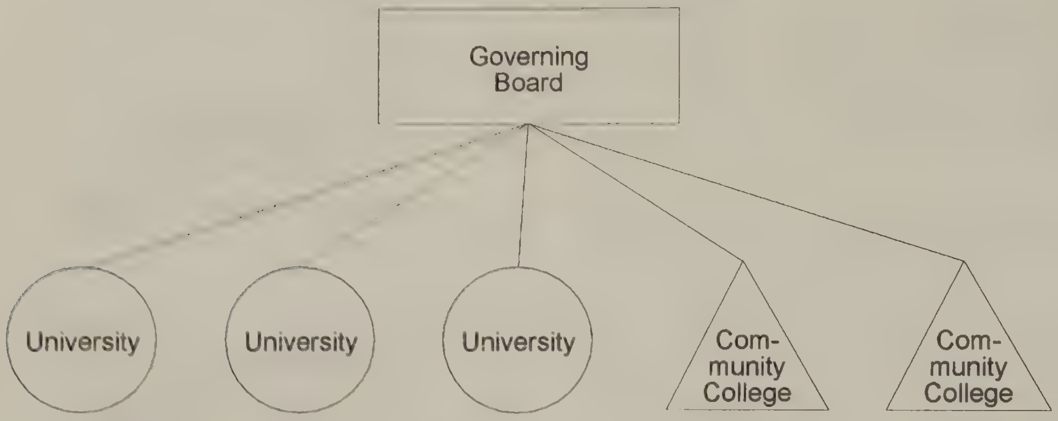
——— = Direct Governing Relationship

- - - - - = Coordinating Relationship

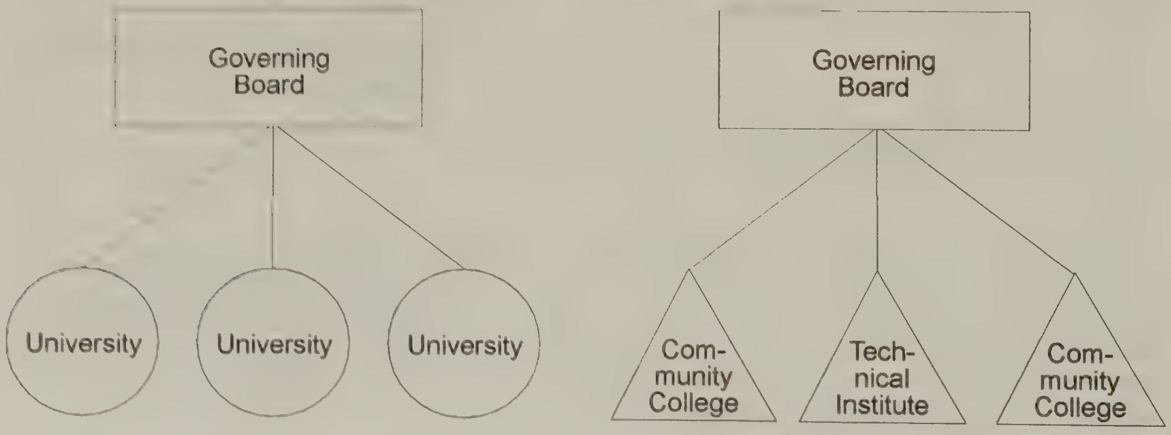
◇ = Planning Agency

Chart I (Continued)

A. Consolidated Governing Board for All Public Institutions


Governing Board
University
University
University
Com-munity College
Com-munity College

B. (1) Consolidated Governing Board for All/Most Senior Institutions. Separate Board/Agency for Community Colleges or Tech. Institutes.


Governing Board
Governing Board
University
University
University
Com-munity College
Tech-nical Institute
Com-munity College

B. (2) Same as B(1) but with Additional Planning Agency

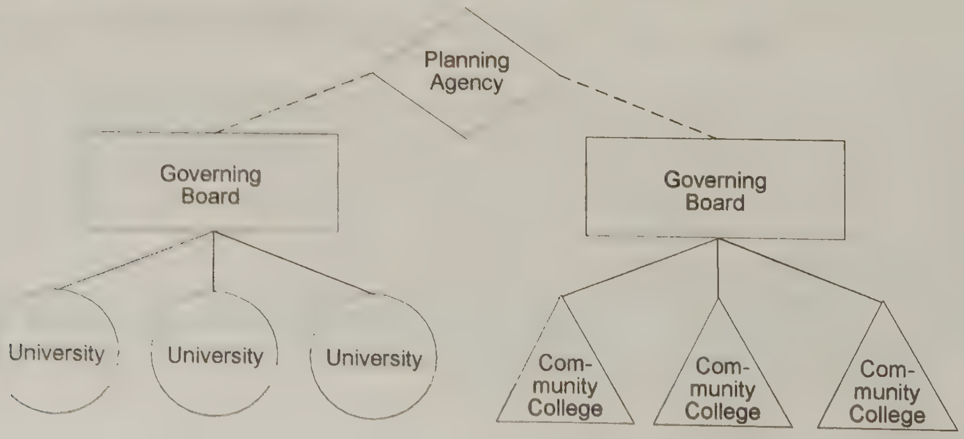
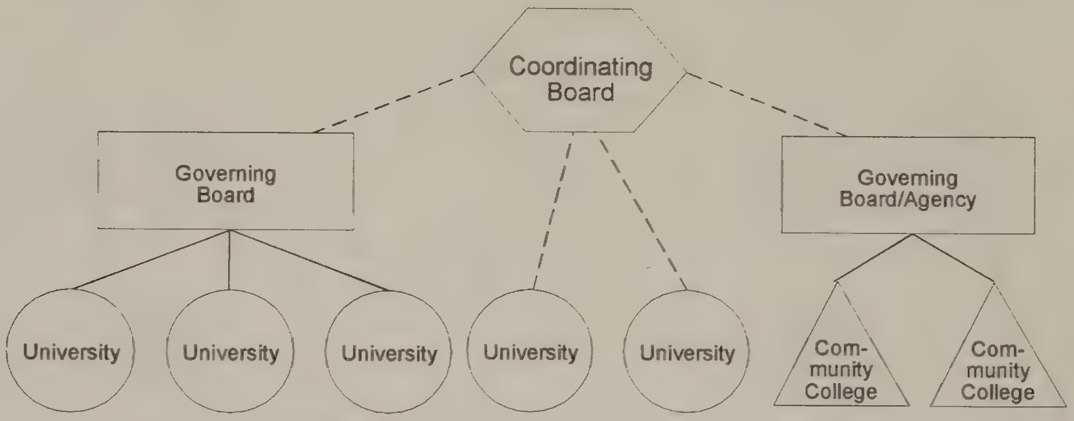
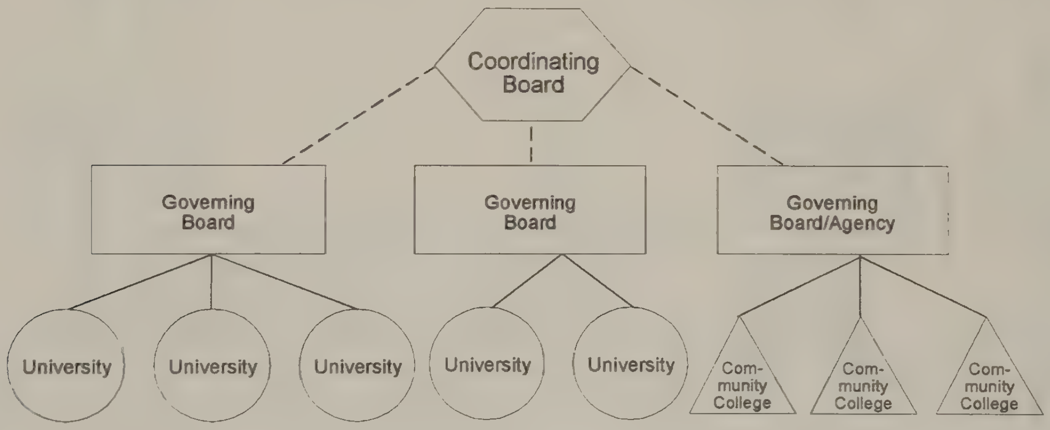

Planning Agency
Governing Board
Governing Board
University
University
University
Com-munity College
Com-munity College
Com-munity College

Chart I (cont.)

C. (1) Mixed Single Institutional Boards & Multi-Campus/Segmental System Boards


Coordinating Board
Governing Board
Governing Board/Agency
University
University
University
University
University
Community College
Community College

C. (2) Segmental System Boards


Coordinating Board
Governing Board
Governing Board
Governing Board/Agency
University
University
University
University
University
Community College
Community College
Community College

D. Single Institutional Governing Boards

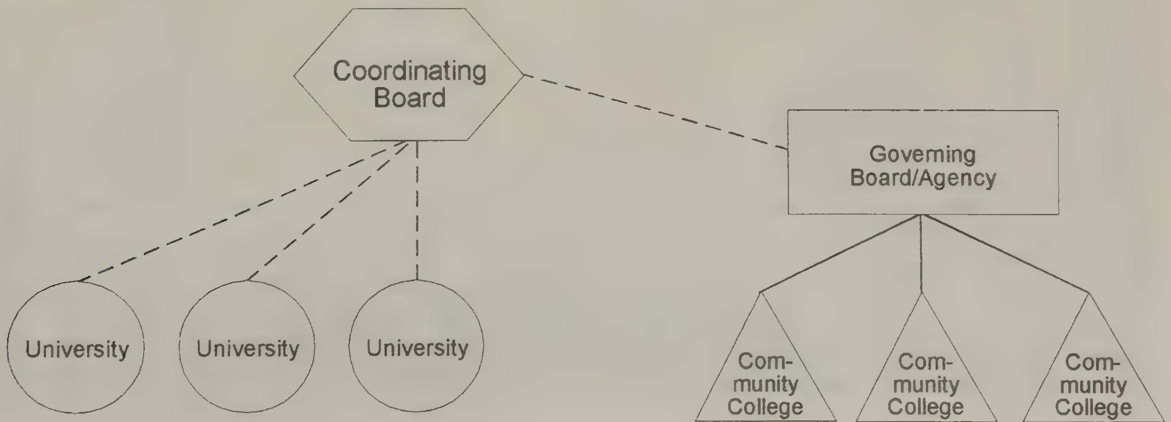

Coordinating Board
Governing Board/Agency
University
University
University
Community College
Community College
Community College

TABLE 3—Patterns of State Coordination and Governance of Community Colleges and Other Two-year Division Institutions

State	State Board of Education Coordinates and Regulates Community Colleges	Community Colleges under Consolidated Governing Board for Both Two- and Four-Year Institutions	Separate State Board for Coordination of Community Colleges	Coordinating Board for All Higher Education Coordinates Locally Governed Community Colleges	Separate State Board for Governance of Community Colleges	Branch Campuses Related to Four-Year Institutions	Postsecondary Technical Institutes Governed Separately from Two-Year Lower Division Community Colleges	Less Than B.A. Programs Offered by Some Four-Year Institutions
Alabama	x						x	x
Alaska		x				(x)		
Arizona			(x)					
Arkansas				(x)		x		x
California			(x)					
Colorado			(∗)					x
Connecticut			x			x		
Delaware					x			
Florida			(∗)					x
Georgia		x					x	
Hawaii		x						
Idaho	(x)	x						x
Illinois			(x)					
Indiana						x	x	
Iowa	x							
Kansas	x						x	x
Kentucky[1]		x				x[1]	x	

(x) = Locally appointed boards
(∗) = Locally elected boards

State	State Board of Education Coordinates and Regulates Community Colleges	Community Colleges under Consolidated Governing Board for Both Two- and Four-Year Institutions	Separate State Board for Coordination of Community Colleges	Coordinating Board for All Higher Education Coordinates Locally Governed Community Colleges	Separate State Board for Governance of Community Colleges	Branch Campuses Related to Four-Year Institutions	Postsecondary Technical Institutes Governed Separately from Two-Year Lower Division Community Colleges	Less Than B.A. Programs Offered by Some Four-Year Institutions
Louisiana				x		x	x	
Maine		x				x	x	x
Maryland				(*)				
Massachusetts		x						
Michigan			(x)					x
Minnesota		x						
Mississippi			(*)					
Missouri				(x)			x	x
Montana		(x)		(x)			x	x
Nebraska				(*)				
Nevada		x						
New Hampshire			x			x	x	
New Jersey				(*)				
New Mexico				(*)		x	x	
New York		x		(*)				
North Carolina			x					
North Dakota		x				x		x
Ohio				(x)(*)		x	x	

[1]Kentucky community colleges are under the University of Kentucky.
(x) = Locally appointed boards
(*) = Locally elected boards

State	State Board of Education Coordinates and Regulates Community Colleges	Community Colleges under Consolidated Governing Board for Both Two- and Four-Year Institutions	Separate State Board for Coordination of Community Colleges	Coordinating Board for All Higher Education Coordinates Locally Governed Community Colleges	Separate State Board for Governance of Community Colleges	Branch Campuses Related to Four-Year Institutions	Postsecondary Technical Institutes Governed Separately from Two-Year Lower Division Community Colleges	Less Than B.A. Programs Offered by Some Four-Year Institutions
Oklahoma				(*)		x		
Oregon			(x)					
Pennsylvania	x			(*)		x		x
Rhode Island		x						
South Carolina			x			x		x
South Dakota								
Tennessee		x						
Texas	x			(*)		x		
Utah		x						
Vermont		x						
Virginia					x			
Washington			(*)					
West Virginia		x						
Wisconsin						x		x
Wyoming			(*)					
Puerto Rico		x						

(x) = Locally appointed boards
(*) = Locally elected boards

Perennial Issues

Common Triggers for Reorganization Proposals

Throughout the past 25 years, several issues have consistently spurred governors and legislators to make higher education reorganization proposals. These tend to be long-standing irritants whose urgency increases as the public expectations rise or economic conditions worsen.

- **Actual or potential duplication of high-cost graduate and professional programs.** Most states are confronted with intractable political and economic stresses as growing urban centers compete with rural areas and older economic centers. These stresses are amplified and played out in conflicts within the states' higher education systems. The most common pattern is for a growing urban area to press to have accessible graduate and professional programs. Proposals to develop new engineering programs are perhaps the most frequent source of controversy. In the first stage, the interest usually is simply to have these offered in the area, but this soon leads to demands that a new university be formed either from an existing institution or a wholly new entity. The issue then becomes further complicated when the prestige of "university status" and graduate programs becomes mixed with issues of community pride and economic development.

  The concern that new initiatives would duplicate or threaten support for similar programs at the state's major research university becomes a major issue. The location of many major public universities away from urban centers complicates the issue. The same scenario is also played out when isolated rural areas struggle to gain access to programs for place-bound adults. What usually sparks reorganization controversies are "end-runs" to the governor or legislature to get special attention. The ensuing political struggles often lead to major restructuring proposals. Short-term victories gained through "end-running" the established coordinating structures usually lead in the long-run to greater centralization.
- **Conflict between the aspirations of two institutions (often under separate governing boards) located in the same geographic area.** Again, conflicts tend to be over which institution should offer high-cost graduate and professional programs. Major reorganization proposals (merger or consolidation) usually occur after years of less dramatic efforts to achieve improved cooperation and coordination.
- **Legislative reaction to institutional lobbying.** As governors and legislators face politically difficult and unattractive choices, intense lobbying by narrow, competing institutional interests can spark demands for restructuring. Political leaders seek ways to push such battles away from the immediate political process by increasing the authority of a state board in the hope that it will have the power to resolve the conflicts before they get to the legislature. The reverse situation also frequently occurs. A state board will act to curtail an institutional "end-run" and be faced with a legislative proposal (frequently stimulated by the offending institution) to abolish the board.
- **Frustrations with barriers to student transfer and articulation.** Evidence (usually in the form of constituent appeals to influential legislators) that institutions are making it difficult for students to transfer or are limiting credit transfer often leads to legislative intervention and, in extreme cases, to reorganization proposals. Legislators ask why the state should pay twice for courses that should be transferrable.
- **Inadequate coordination among institutions offering one- and two-year vocational, technical and occupational and transfer programs.** Many states have regions or communities where two or more public institutions, each responsible to a different state board or agency, are competing to offer similar one- and two-year programs. In the worst situations, this may involve a postsecondary technical institute, a community college and a two-year lower-division branch of a university. Student transfer and articulation issues,

as just mentioned, are frequently at the core of these disputes. Because of sincere and intense differences among the institutions in their educational missions and philosophies, they may resist program coordination and make it difficult for students to transfer. In a larger scale version of the same issue, many states face escalating enrollment demand in their two-year sectors that threatens to take resources from the university sectors. When these battles are fought on the floor of the state legislature rather than being resolved within higher education they often lead to proposals for restructuring.

- **Proposals (and related opposition) to close, merge colleges or universities, or to change institutional missions.** At issue may be small, isolated rural institutions or institutions with similar missions that are in close proximity. What sparks the reorganization proposal is the sense that the existing coordinating or governing board is unable to resolve these kinds of problems before they become major political controversies. Or, once a state board or legislator makes a proposal and a political firestorm erupts, reorganization may be proposed because of a sense that the existing state board handled the issue poorly.
- **Concerns about the effectiveness of the state board.** Major reorganization proposals are often made because of a sense that the existing board (or its staff) is providing ineffective leadership or lacks the political influence or judgment to address critical issues facing the state. Not surprisingly, the "critical issues" may be long-standing irritants such as mentioned above. Or, the sense may be that an existing board is more focused on detailed administrative, regulatory or internal management issues than on policy leadership. Ironically, where such criticisms of state boards are made, it is often a previous legislature that has assigned these management or regulatory functions to the board. Reorganization is frequently proposed not because an agency lacks formal authority but because of a desire to change the leadership or personalities involved in the process.

Trends Toward Consolidation

Almost without exception, in reorganization debates, the option is raised of consolidating all public institutions under a single, consolidated governing board (frequently called a "super board" in the ensuing media debate). Because of the inevitable opposition these proposals generate (primarily from institutions who fear that their independence will be threatened), few have actually been enacted in the past 20 years. But this does not deter others from advancing the idea. In lieu of total consolidation, states often consolidate institutional clusters to form segmental (all institutions with similar missions) systems.[18] As an alternative to forming a single statewide governing board, several states have greatly strengthened the existing state coordinating board to the point that its regulatory powers border on authority to govern institutions.

Kerr and Gade observed the following about the long-term trend:

> The drift in the public sector of higher education, especially during the past 40 years . . . [is] toward consolidation and toward control. . . .
>
> We note that this tendency toward consolidation and control runs counter to the development in American national economic policy toward more competition and autonomy. This economic trend is present in most countries—even in the Soviet Union and China. The general government tendency in the United States has also been toward decentralization to the states and localities.[19]

Kerr and Gade cite two underlying reasons for the trend toward consolidation and control:

> The government does have a clear interest in centralizing and controlling some decisions, specifically over missions and over budgets, in order to make effective use of resources and to be sure that all important missions are

> actually and fairly served. ("Missions" include general admissions policies for students.) Government also has an interest in effective review of performance.
>
> State authorities, specifically governors and legislative committees, find it helpful to hold one board and one chief executive officer accountable. They prefer to have to place or receive only one phone call rather than to have to deal with several or many competitive and combative institutions, their representatives, and supporters. This can be time consuming and exasperating. Some infighting, often highly counterproductive, can be kept out of the state capitol.[20]

Despite intense debates for and against consolidated systems in the past 25 years, conclusive evidence on either side of the argument is difficult to find. Examples can be found of both more centralized and less centralized systems working well in terms of providing direction for the system while ensuring highly diverse missions, decentralized governance and creative use of institutions to meet the state's educational needs.[21]

At the same time, one can find examples of both coordinating and consolidated governing boards that are giving insufficient time to policy leadership, have lost credibility with the state's political and higher education leadership, are excessively focused on administrative, regulatory and internal management issues, are failing to promote mission differentiation, and are giving insufficient attention to the major policy challenges facing the state.

The greatest danger is that states will adopt one alternative or another without first making clear the ends to be achieved and without making a serious assessment of whether the alternative is the best means to those ends. One often hears comments such as, "California's higher education system has an excellent reputation. Why don't we just adopt their structure?" The pressure for one state to copy another's is often overwhelming, even though the structure may be inappropriate for the state's unique needs and underlying political culture.

Reorganization in the 1970s

The decade of the 1970s was one of maturation of the coordinating and governing patterns established in the previous decade. Rather than expansion, the agenda shifted more to efficient use of limited public resources in a period of slower growth if not decline in enrollment. It was a period, however, of continued strengthening of the authority of state boards. Of even greater significance, the 1970s saw a major increase in the involvement of other executive branch agencies and legislative staffs in higher education affairs, especially in budgetary matters. Increasingly sophisticated legislators, backed by professional staffs, became more directly involved in both the substance and procedures of state higher education policy.[22]

In addition to the shift from massive expansion to stable growth, the early 1970s also witnessed a significant increase in the impact of federal policy on state policy and structure. The federal Higher Education Act Amendments of 1972, and subsequent amendments in the late 1970s, had both immediate and long-term impacts on state higher education policy and coordination. Among the most important changes were:

- Eligibility for student financial aid programs was extended to students attending proprietary schools, and the definition of "institution of higher education" for the purposes of the Higher Education Act was changed to encompass a broader range of institutions under the new term "postsecondary education." This scope was much broader than the coordinating and regulatory scope of most state coordinating structures in place at the time. And because the federal eligibility process depended in part on state licensure, the new requirements placed greater oversight responsibilities on state governments. Twenty years later, a sense that this oversight should be strengthened led to the establishment of State Postsecondary Review Entities (SPRE) under the 1992 amendments to the Higher Education Act.

- The Federal State Student Incentive Grant Program provided matching funds for state need-based student aid programs, resulting in new state programs in three-quarters of the states and contributing to a threefold increase in state student aid funding by the end of the decade. Many of the existing state coordinating boards took on student aid administration as an added responsibility in this period. In other states, new state student aid agencies were created.
- The 1972 amendments, through the "1202 Commissions," explicitly linked state eligibility for certain categorical programs to the state's commitment to undertake comprehensive statewide planning. The underlying assumption was that federal funds would be better used if the state had in place a mechanism to ensure effective and efficient use of all resources—federal, state and private. The key problem (and, for many states, the major problem) was that the federal law required states to establish or designate a state commission "broadly and equitably representative of the general public and of public, private and proprietary institutions of postsecondary education." This provision conflicted directly with the coordinating and statewide governing structures established in a number of states in the previous decade. Most of those existing entities were led by lay boards, not "representative" boards. Few had a scope of responsibility as broad as the new definition of "postsecondary education." And college and university leaders, who were concerned about the growing power of state agencies, saw this federal law as reinforcing state efforts to undermine institutional autonomy. By the end of the decade, the federal law was amended to nullify the earlier requirements. But the provisions would have a lasting impact on the coordinating structures in many states.[23]
- The 1978 amendments to the Guaranteed Student Loan Program (subsequently renamed the "Stafford" loan program) greatly increased federal reliance on state guarantees for the federally insured loans. As a result, virtually every state established state guarantee agencies which were organized in many cases as quasi-private entities. The Direct Lending Program established in 1992 will place responsibility for making loans at the college or university level and will utilize federal rather than private loan capital. This change could lead to downsizing, if not dissolution, of entities formed to meet the requirements of the earlier federal program.

In the 1970s, twelve states made changes in their higher education structures that could be characterized as significant. Seven states that had previously adopted a coordinating board as opposed to a statewide governing board took steps to strengthen that coordinating function, either modifying the authority of the existing agency or replacing that agency with a new body with increased regulatory authority. Two states, North Carolina and Wisconsin, replaced their coordinating bodies with statewide governing boards. The other three states made adjustments that reflected their unique political and structural situations.

Structural Changes in the 1980s

In the decade of the '80s, the roles of state higher education boards shifted in fundamental ways as governors and legislators took far more aggressive positions regarding the quality of higher education.[24] These new expectations were direct effects of the education reform movement, which came as a result of key reports on higher education such as *Involvement in Learning,* and others produced by state leaders and their organizations—the Southern Regional Education Board, the Education Commission of the States and the National Governors' Association.[25] The call for reform added new responsibilities to state boards; and, as a consequence, heightened the potential for state/institutional conflict.

These changes are clearly reflected in the new definition of "accountability," as described by Mingle and Lenth:

> New systems of accountability are becoming fundamentally "change instruments," not reporting mechanisms. In this context, accountability mechanisms are not separate from the larger policy agenda of state and system boards. They are the levers that create change. While some may consider the actual data collection and reporting devices as the "accountability" agenda, they are only a small element of the total change strategy.[26]

In the past, the traditional state coordinating functions of planning, budget review, program review and administration were carried out with little expectation or intent of affecting the internal dynamics of institutions—the key elements of institutional autonomy. Now, governors and legislators expect both coordinating and governing boards to be agents for change, to use a variety of policy tools as levers to affect the overall direction of the state's higher education system and to provide external incentives for institutions to undertake internal initiatives for improved quality and efficiency.[27] Essentially four mechanisms were (and, in many respects are still being) employed in the mid- to late-1980s:

- **Setting a state policy agenda and serving as agents for change.** As described earlier in the summary of coordinating functions, states increasingly called upon state boards to undertake a broader, more aggressive state policy leadership role. A key element of the new agenda was that state boards should be active forces for change within colleges and universities.
- **Incentive, competitive or targeted funding.** These mechanisms aim at stimulating institutional attention to the policy agenda and, in some cases, in prompting reallocation of institutional resources toward that agenda. These initiatives included centers of excellence for research, graduate education and technology, incentives for improving undergraduate education and student performance, competitive/challenge grants for institutional renewal and targeted funding for specific objectives such as improving minority achievement.[28]
- **State requirements for assessment of student learning.** By the end of the decade of the 1980s, two-thirds of the states had a formal policy or mandate on assessment of student learning. The majority of these policies stressed that every public institution should define expectations for student learning and should have a process for determining and reporting whether, in fact, students were meeting these expectations. Most of the initiatives were aimed primarily at stimulating greater attention to teaching and learning and left it to the institutions and their faculty to define outcomes and assessment methods. Most states had an assessment policy and process in place by this time, yet few required detailed reporting of outcomes data either to the state or to the public. Other states required testing of students for adequacy of preparation for college-level study or for progression from lower- to upper-level study.[29]
- **New performance-oriented accountability reports.** By the 1990s, there was growing interest among state political leaders in performance indicators and report cards that would provide information for the public and prospective students on both institutional and system performance. While these were related to the interest in assessment of student learning, their intent and scope were broader. Rather than the internal "improvement" focus of many assessment initiatives, the emphasis of performance indicators was primarily to assure external audiences that institutions are committed to performance and productivity with respect to their specific missions, including research and service missions.[30]

Throughout the 1980s, but especially in the period since 1985, these new approaches were incorporated into most reorganization proposals and changes.

In the early 1980s, the most far-reaching structural changes occurred in Massachusetts, where a new statewide governing board was established to replace all existing state agencies and boards, and in Connecticut, where the idea of a single governing board was rejected and a new and strengthened coordinating board was established. Several states (Florida, Minnesota, North Carolina and Tennessee, as examples) reorganized state-level governance of community colleges, vocational/technical institutes and related programs. Other states such as Pennsylvania reorganized and consolidated the governance of major higher education sectors. Rhode Island abandoned its single board for all levels of education and established a separate governing board for its three public higher education institutions. The intensifying concerns about quality were reflected in most of these debates as states sought to strengthen the capacity of boards to effect change.

In the five years from 1985 through 1989 (the period coinciding with the intensification of the reform movement described earlier), at least twenty-seven states conducted major studies of their higher education systems through a blue-ribbon commission, consultant's study or special legislative task force. In the same period twenty-six states seriously debated changes in structure ranging from relatively minor changes in state board authority to major restructuring of the total system. Actual changes were made in fourteen states.[31] The following is a summary of these changes:

Major restructuring. Six states completed major restructuring of their systems. In each case, the changes were the culmination of several months—and sometimes years—of study and debate.

- In Colorado and Washington, the existing coordinating boards were replaced by similar but strengthened coordinating bodies. In both cases, a range of alternatives was debated, including a single statewide "super board" and realignment of institutional boards under segmental boards—boards with responsibility for several institutions.
- In Texas, as the result of recommendations of the Select Committee on Higher Education, the existing coordinating board of the Texas College and University System was replaced by the Texas Higher Education Coordinating Board, with expanded power to set enrollment limits and to create a realistic and effective master plan for higher education.
- In Maryland, all but two of the state's public four-year institutions were consolidated under the Board of Regents for the University of Maryland System and the internal policies and structure of that system were significantly altered. At the same time, the state's coordinating board was replaced by a new agency, the Maryland Higher Education Commission.
- In Nebraska, a planning commission with limited authority was replaced by a new statutory coordinating board with broad planning and regulatory authority for the total public higher education system.
- In West Virginia, the single consolidated governing board for all public higher education was abolished and two new governing boards were established. One board was created for the universities and the other for the state colleges, community colleges and vocational/technical institutions. At the same time, a cabinet-level position of secretary of education and the arts was established to provide for overall coordination of the system.

Changes in state board authority. In addition to the changes in state board authority mentioned above, five other states strengthened the role of coordinating agencies in significant yet less sweeping ways.

- In Arkansas, the existing coordinating board was given authority for program approval and its role in carrying out quality improvement initiatives was greatly strengthened.

- In New Mexico, the name of the coordinating board was changed from the Board of Education Finance to the Commission on Higher Education, with accompanying expectations that the agency should play stronger roles in policy leadership and planning.
- In Oregon, the Oregon Education Coordinating Commission was abolished and the agency's functions were continued under the Oregon Office of Educational Policy and Planning in the governor's office.
- In South Carolina, the existing coordinating board's membership was restructured and the agency was given greater authority to carry out quality improvement initiatives.
- In North Dakota, the Board of Higher Education acted to change the system's executive officer title from commissioner to chancellor, and give the public higher education system more of a sense of cohesiveness as the North Dakota University System.

The scope of authority and title of the executive officer of multicampus systems were debated in at least eight states during the period. Proposals were advanced to change the executive officer positions from staff directors of the governing board to system officers with the title of "commissioner" or "chancellor." Usually at issue were the scope of the officer's line authority for campus presidents and whether campus presidents would be required to relate to the governing board through the system executive. In Mississippi, the position of executive director was changed to commissioner and, as indicated above, in North Dakota, the position of commissioner was changed to "chancellor" of the university system.

Changes in state structure for community colleges. Changes were debated in at least ten states but significant changes were made in only four states.

- In Alaska, the Board of Regents of the University of Alaska (rather than the governor or legislature) realigned all the institutions under the university under three university centers, each headed by a chancellor. Each of the community colleges is now assigned to one of these centers. The formal authority of the Alaska Postsecondary Education Commission was not changed, but budget and staff reductions have severely curtailed the capacity of that agency to carry out its statutory functions. Its actual functions were primarily administration of student financial assistance programs and institutional licensure.
- In California and Colorado, the authority of the existing state community college boards was strengthened.
- In Connecticut, the separate board for the state's technical colleges and the regional community college board were consolidated to form the State Board of Community-Technical Colleges.

Changes in sub-state systems. In several states, changes were made in the governing arrangements for some of the institutions but not others.

- In Texas, the University System of South Texas was combined with the Texas A & M System and Pan American University was combined with the University of Texas System.
- In Colorado, the governing structure of the Auraria Higher Education Center was altered. This center provides the support services for three institutions Metropolitan State College of Denver, the University of Colorado at Denver and the Community College of Denver—each of which is governed by a different system board.
- In New Jersey, state college autonomy legislation strengthened the independent governance of the state colleges and exempted them from a number of detailed state fiscal and procedural controls. The legislation empowers the boards of trustees to manage their institutions' fiscal operations; authorizes the colleges to contract and handle all their own

transactions without going to the state treasury; and establishes a state college governing board association to oversee the boards' position in the new governing arrangement.

1989–1991: A Key Turning Point[32]

Clark Kerr, speaking at a Wingspread Conference on the "Governors and Higher Education" in 1985, described what he saw as a return to what had been the historic pattern of state dominance in higher education policy in the United States. He described the 1980s as the "Decade of the States." Policy leadership would increasingly be dominated by governors, and higher education could expect a far more aggressive agenda aimed at connecting it to the states' social and economic agendas, but the trade-off might be improved state funding.[33]

The mid-1980s reinforced Kerr's perspective. But the situation changed dramatically in 1989–1990. State dominance continued, but as the economic crisis intensified, this raised new questions about the state/higher education relationship:

- The state fiscal crisis that had begun in the Northeast soon spread to virtually every state.
- Several key supporters of the higher education initiatives of the 1980s, such as Governor Thomas Kean of New Jersey, left office. Accelerating political turnover meant that many of those who had authored earlier changes were no longer in office.
- The education reform movement intensified, spurred by the Education Summit of the President and Governors in 1989. Concerns deepened among both policymakers and the general public about the perceived lack of connection between higher education and the major issues facing society (e.g., the quality of the public schools, crime and youth violence).
- Policymakers' impatience with the slow pace and lack of consistency of institutionally based reform intensified. Lack of public evidence that these changes were making a difference—improving performance—led to demands for more aggressive state actions.

In these new conditions, many of the initiatives enacted just a few years before changed direction or were put on hold.

- State assessment programs lost some of their initial vitality, although in most cases they were retained in state statute and in state agency responsibilities. Institutions and state agencies that had implemented the programs as "add-ons" often could not afford to keep them in place. In some cases, funding as well as the state staff responsible for the assessment initiatives were eliminated.
- Special funding programs were reduced or eliminated. Only those that were integral to the state's approach to budgeting and resource allocation (e.g., the longstanding Tennessee performance funding program) were retained.

Changes in State Structure, 1991–1994

Despite the changes in the previous period, the core concerns about performance and return-on-investment remained. A new generation of policies, some with origins in these earlier initiatives, began to emerge. But now these were accompanied by new and more penetrating questioning about the underlying efficiency of the enterprise. Questions about faculty workload and faculty commitment to undergraduate teaching dominated legislative agendas.[34] And states showed a new willingness to pursue aggressive policies, for example:

- By the end of 1993, eighteen states had put in place systems of "performance indicators."[35]

- Arkansas, Kentucky and Missouri established new financing policies that allocated a portion of state funding based on performance. A program was established but not implemented in Texas.[36]

Major structural changes. Two states, Massachusetts and New Jersey, undertook major changes in their state structures affecting almost all dimensions of state higher education Policy.

- Massachusetts reorganized its overall education structure by:
    - Consolidating two previously separately governed state universities under a reorganized University of Massachusetts system.
    - Eliminating the statewide consolidated governing board—the Board of Regents—that had been created in 1980 and replacing it with a coordinating board—the Massachusetts Higher Education Coordinating Council. The council retained some governing responsibilities with respect to the state colleges and community colleges, but governance is largely delegated to the pre-existing boards of each of these institutions.
    - Creating a cabinet position of Secretary of Education with responsibility for overall planning and coordination of the commonwealth's education policy.
- New Jersey Governor Christine Todd Whitman proposed a major restructuring of higher education policies aimed at increasing the autonomy of the state colleges and universities while reducing the size and cost of the state bureaucracy. At the time of this writing, the proposed changes would significantly alter the state structure by:
    - Eliminating the New Jersey Board of Higher Education and the Department of Higher Education. Some of the board's and department's responsibilities that were considered no longer needed would be eliminated. Others would either be delegated to the institutional governing boards or be assigned to one of the newly created entities.
    - Delegating increased authority and responsibility to the college and university governing boards (particularly those of the eight state colleges and the newly designated teaching university), especially with respect to tuition and fee policy and new program approval.
    - Establishing a new statewide coordinating entity, the New Jersey Commission on Higher Education, composed of fifteen members, most of whom will be appointed by the governor and confirmed by the senate. The commission would have responsibility for long-range planning; establishing institutional missions and approving any program proposals that are exceptions to those missions; making short- and long-range budget recommendations to the governor and legislature; licensing institutions and serving as the state postsecondary review entity (SPRE); and conducting research, data gathering and analysis in cooperation with the President's Council.
    - Transferring responsibility for the state's student financial assistance programs to the Department of Treasury pending the outcome of planning of a new consolidated and strengthened Higher Education Student Assistance Authority.
    - Creating a quasi-private President's Council, supported largely through assessments to each public and private college and university in the state, that is to advise and make recommendations to the Higher Education Commission on long-range planning, budget priorities, program approval, licensure, research and information and related matters.
- Puerto Rico separated the governance of the University of Puerto Rico from the Council on Higher Education. A new Board of Governors is now responsible for the governance of the university. At the same time, the changes retained the Council as the coordinating board for all postsecondary education in Puerto Rico.

Major system changes. Two states, Minnesota and Montana, approved major changes in their university systems that, in effect, increased the consolidation and coordination between two- and four-year institutions within those systems. Both of these changes are interesting because they run counter to the conventional view that it is desirable to maintain bureaucratic separation between institutions with distinctly different missions (e.g., community colleges, technical institutions, and four-year colleges and universities). Both of these mergers intend to achieve improved coordination and collaboration without sacrificing essential mission differentiation or individual campus identities.

- In 1991, Minnesota enacted a merger, to be effective July 1, 1995, of three previously separate systems under a new state college and university board. With all of the state's public colleges and universities under either of two statewide boards—the Regents of the University of Minnesota or the new higher education board—the role of the Higher Education Coordinating Board will likely be limited primarily to administration of the state student aid programs, licensure, SPRE functions and administration of special projects and programs.
- In 1994, the Montana Board of Regents of Higher Education (the statewide consolidated governing board for that state) approved a major internal restructuring of the Montana University System. The Board of Regents has constitutional authority to make such changes within legislative approval. In an effort to achieve greater collaboration and efficient delivery of educational services, while maintaining the uniqueness of each campus, the Board made these changes:
  - Administratively merged four, four-year institutions with the two universities, Montana State University and University of Montana. The chief executive officers of each of the merged institutions is to be selected by the president of the university with which it is affiliated rather than by the Commissioner of Higher Education.
  - Affiliated each of the Colleges of Technology (formerly vocational/technical centers) with one of the two universities.
  - Merged three of the Colleges of Technology with the university campus with which each was co-located. The action essentially discontinued these as entities independent of the campus with which it merged.
  - Clarified and strengthened the governance of Higher Education Centers in two communities to ensure coordination between the university system campuses and private institutions offering higher education programs in those areas.

Changes within consolidated systems

- The North Dakota University System, using the principles of Total Quality Management, implemented major internal changes aimed at cutting administrative costs while improving services. This included merging the administrative teams of two institutions (a single president now serves two institutions) and identifying lead institutions to serve specific statewide needs for other system institutions instead of maintaining staff in the system office for this purpose. Campus-based centers will serve all eleven institutions in areas such as human-resource management, purchasing, and materials management.
- The Oregon State System of Higher Education proposed that the system be given "public corporation status" through which it would be given greater independence from state government procedural controls (personnel, procurement and contracting). The status of "public corporation" would give the system greater flexibility to manage day-to-day operations in the face of significantly reduced state support. At the time that this paper was written, legislation had not yet been introduced to enact the proposal.
- The Chancellor of the City University of New York (CUNY) proposed a major internal restructuring aimed at making the various CUNY campuses function more as units of an integrated higher education system. The aim was to achieve greater consistency in policies and services, increase resource sharing and reduce unnecessary duplication. While changes of the scope originally proposed were not implemented, they symbolize

the kinds of bold changes that are likely to be proposed in other systems in the face of severe resource constraints and escalating demand.

Changes in board authority

- In 1993, the authorizing statute for the Colorado Commission on Higher Education (the state's coordinating board) was amended to change responsibility for appointment of the executive director from the commission to the governor. Once appointed, the executive director is to serve at the pleasure of the commission.
- The authority of the Connecticut Board of Governors (the state's coordinating board) was modified to develop and recommend a consolidated budget for all of higher education. The board still makes overall budget recommendations, but the budget requests from the three systems (University of Connecticut, Connecticut State University System, and the Community College and Technical Institute system) are submitted directly to the governor and legislature.

Issues and Trends

Tensions clearly intensified in the 1991–1994 period. No dominant pattern emerges from the changes, however. Some states moved to decentralize; others centralized certain functions. In a sense, the changes reflect a combination of relatively traditional issues (the "perennial" issues described earlier) and the halting efforts of states and systems to adjust to current and projected constraints. These points are of particular interest.

New Thinking about Systems

- The changes in Montana, North Dakota and Oregon reflect new thinking about how systems can be much more than the "sum of individual campuses" in terms of delivering higher education services at a high-quality level with fewer resources. A number of commentators have expressed concern about the steady process of consolidation in American public higher education. But these systems, in addition to several others not subject to major reorganization in the past decade (such as the University of Wisconsin System, Indiana University, the University of Maine System, the Vermont State Colleges and the Maricopa Community College District in Arizona) are bringing new, fresh meaning to "system." While not uniformly present in each system, the changes involve:
  - Balancing decentralization with redefined and more lightly staffed central leadership.
  - Developing campuses with distinctive missions and unique cultures is important, but so are the ties of each unit with the larger whole. The system role becomes one more of educational leadership than of bureaucratic control.
  - Considering system initiatives to promote resource-sharing and collaboration among campuses.
  - Developing system-wide services through use of "lead campuses" rather than expanding the system offices.
  - Expanding use of technology for both educational and administrative purposes.

  The consolidated governing structures of these systems have the authority and capability to undertake multiyear change strategies using the key policy tools of selecting, evaluating and supporting campus CEOs; budget and resource allocation policies; and policies governing faculty promotion and tenure.
- A number of consolidated or multicampus systems appear to be struggling with the constraints of sheer size and the inertia that comes with the accumulation of policies and

procedures over the decades. Despite the bright spots just mentioned, the more common pattern appears to be multicampus systems with these problems:

- An inwardly driven agenda defined in terms of resource needs and constraints and disconnected from the broader economic and social forces affecting the states in which they are located. Basic questions on the public's mind such as access and affordability are pushed aside as the systems respond to internal demands to maintain quality by reducing workload and increasing student tuition and fees.
- Failure to reinforce mission differentiation among the system campuses with differentiated policies on faculty promotion and tenure and incentives for undergraduate teaching.
- A within-system tendency toward "one-size-fits-all"—which inevitably imposed the values of research and disciplinary focus on campuses where undergraduate teaching was the primary mission.
- Faculty pressures for "shared governance" (e.g., formation of system-level faculty senates and extensive faculty involvement on system board committees). While these changes can be constructive, systems need to guard against faculty efforts to bypass the campus governance process and inappropriately raise campus issues at the system level. Also, care must be exercised to avoid the values of one campus faculty (e.g., a research university faculty) being imposed on others with different missions. Intractable issues involving system-wide faculty collective bargaining continue to represent significant challenges in a number of systems.
- The lack of clear definition of the roles that a system can play in reinforcing campus initiatives on undergraduate education: promoting mission differentiation, providing special financial incentives, convening system-wide faculty development functions, providing technical assistance on assessment and other topics, and advancing the use of technology in both educational and services/administrative arenas.

Because such a large proportion of public enrollment is within multicampus systems (approximately 70%), new thinking about how to increase their flexibility and responsiveness to changing conditions is essential.[37]

Coordination in Transition

As in the case of consolidated systems, coordinating boards appear to be in a period of transition. Several are breaking new ground. For example:

- The Illinois Board of Higher Education's Priorities, Quality and Productivity initiative has moved the board into a more aggressive stance than it has taken in its 33-year history to stimulate change within Illinois colleges and universities. This initiative developed from years of careful work and relationships with institutions on the core coordinating functions of budget review, program review and information systems. In 1992, the board recommended that 190 instructional programs at public universities be considered for elimination, consolidation or reduction. The institutions accepted these recommendations for 83 programs and reviews of an additional 45 were continued. In addition to the actions recommended by the board, the institutions themselves eliminated or reduced almost 150 programs. Overall, over 230 programs were eliminated or reduced.[38]
- The State Council of Higher Education for Virginia (SCHEV) prepared a report for the Governor and 1993 General Assembly, *Change and Improvement in Virginia Higher Education.* The report outlined the fiscal and enrollment challenges facing higher education in the state and made a set of recommendations to meet them. The report's chief recommendations were:
  - Decentralization of authority for operating institutions.
  - Investment in new teaching technologies.

  - Curricular streamlining.
  - Competency-based credentialing.
  - Interdisciplinary approaches to learning. Reconception of faculty roles and rewards.

  What is new about the SCHEV approach for a coordinating board is that it is using direct contacts and conversations with faculty members throughout the state to gain understanding and support of the need for change at the operating level. SCHEV believes that discussing restructuring ideas and broader state issues with faculty will result in creative, collective solutions that reflect the fiscal realities and public policy perspectives.[39]

The examples of Illinois and Virginia are promising contrasts to the uncertain status of coordination in a number of other states.

- Several states experienced contradictory swings either toward stronger direct political control of coordination or toward control by the state's higher education leadership.
  - Three states (Colorado, Maryland and Oregon) have given the governor direct appointing authority for the state higher education executive or have made the state higher education agency more an agency of the executive branch than an independent bridge between the state's political and higher education communities.
  - In Colorado, New Jersey and South Carolina, proposals were advanced to replace the all-lay membership of the state coordinating boards with "representative" bodies made up at least in part by college and university presidents or campus trustees.

  Most states eliminated institutional representation on their coordinating boards by the mid- to late-1960s. Illinois and New Jersey are among the few boards that today have institutional representation (members of governing boards in Illinois and representatives of sectors in New Jersey).
- In a study of the impact of state policy on undergraduate education, the Education Commission of the States (ECS) identified several characteristics of coordinating boards that contrast the examples just given and raise serious concerns about their capacity to stimulate and support a "reinvented" system for the future.[40] In the states studied, the boards were severely limited by:
  - Statutory obligations to carry out often outdated regulations or programs accumulated over the years through actions of successive governors and legislatures.
  - A lack of means—or perhaps even a recognized role—to raise questions for public debate about the long-term consequences of short-term solutions.
  - A tendency to emphasize "preventing bad things from happening" rather than deliberately stimulating positive responses.
  - A loss of credibility in bridging political and education perspectives especially on issues such as undergraduate education. Boards were identified too closely either with the higher education community or the political leadership and, therefore, could not credibly assume a brokering role between two different views of public priorities.
  - Policies implemented without a clear understanding of how institutional change takes place.
  - Policies aimed at specific problems (e.g., minority achievement, faculty workload, student retention and completion, transfer and articulation) implemented separately with little attention to their combined effect on a single institution.
  - Limited efforts to achieve policy coherence. Links between strategic planning and budgeting and the agency's substantive agenda related to undergraduate education were rare.
  - Policies and procedures of state general government (e.g., civil service requirements, procurement policies, budget and reporting requirements inconsistent with the unique characteristics of colleges and universities) severely hampered the capacity of institutions to respond to new realities.

- Despite these problems, the ECS project found that state boards did not regularly undertake an independent evaluation of their structures and policies. Unstable economic and political conditions seemed to make such efforts too risky. In other cases, the existing board was not in a position to lead or even sponsor such a process.[41]

  The experience of the past 25 years suggests that if a state board is unable to undertake a periodic, largely independent evaluation of its performance leading to appropriate adjustments in its policies and performance, it will not be long before changes are forced by action of the governor or legislature. Sometimes such actions yield positive results, but more systematic self-renewal would certainly be a preferred alternative in most cases.

Changing Federal/State Relations

The State Postsecondary Review Entities (SPRE) required under the new Part H of the Higher Education Act as amended in 1992, present a special challenge for many state coordinating and governing boards. In fact, this provision and broader changes in federal policy may have far greater implications for the role of states than did the changes in the 1970s as outlined earlier. With only a few exceptions, such as the Illinois Board of Higher Education, the principal state coordinating or governing board in a state has been designated as the SPRE. In this role, these boards will be required to gather data from certain institutions "triggered" by the U.S. Secretary of Education because of high loan defaults or other criteria. The board will then have to make a determination, based on analysis of the information and an independent review, whether the institutions should be eligible to continue participating in the federal student assistance programs.

- Those state boards which have declined designation as SPRE argue that the functions and responsibilities would draw the board back to an outdated regulatory approach and away from its policy and educational leadership roles. These boards do not want to function, or be seen as functioning, as federal enforcement agencies. The role could place the board in an adversarial role with institutions at the very time that the board's change strategies require greater collaboration.[42]
- State boards that have accepted this designation (often reluctantly) argue that, if this function must be performed, it is better that it be done by an entity whose responsibility it is to be concerned for the overall quality, performance and accountability of the state's postsecondary education enterprise.
- Other states have welcomed the designation and see it as consistent with their responsibility to monitor and enforce quality and accountability.

Issues related to quality and costs will increasingly be at the core of federal higher education policy. The Clinton administration appears committed to addressing these issues through shared responsibility between the federal government and the states. For these reasons, the issues raised by SPRE are likely to be intensely debated over the next few years.

Guidelines for States Considering Reorganization

State debates about reorganizing state structures almost invariably begin without adequate consideration of the following points. Reflecting on the past decade, those structural changes that have resulted in long-term benefits usually were framed with these points in mind:

- **Before reorganizing, clarify the state vision, goals and objectives for higher education. Recognize reorganization as a means to an end rather than an end in itself.** Reorganization without a sense of purpose or direction may be more damaging than maintaining the status quo. If reorganization debates are framed by good information about the state's demographic, economic and educational trends, the debate is more likely to focus on the ends to be achieved than on arguments about means, turf and power.

- **Be explicit about the specific problems that were the catalysts for the reorganization proposals.** States become embroiled in reorganization debates with the rationales expressed in lofty terms that are disconnected from the problems that led to the proposals. The list of "perennial issues" earlier in this introduction illustrates common catalysts for reorganization proposals. In some cases, the real issue is that the governor or legislature has lost faith in a specific individual. In other cases, it may be that the state is frustrated with the seeming inability of the legislature to confront major policy dilemmas, and the hope is that through a new governing structure the issues can be faced and the deadlocks broken. Questions to ask are: What specific issues need to be addressed? Is reorganization the only or the best means to do this? What collateral damage will result if reorganization is pursued?
- **Ask if reorganization is the only or the most effective means for addressing the problems that have been identified. Have the costs of reorganization been weighed against the short- and long-term benefits?** It may take five to eight years for a newly organized system to begin to function effectively. Major reorganization is often proposed to achieve efficiencies, but little account is taken of the extraordinary costs stemming from the stalemate in decision making and the extensive consultation and disruption of information networks that can occur in major organizational change. Reorganization *is* necessary at times and can be an effective way to signal new directions, assert new leadership and provide a framework for new policy initiatives. But other alternatives (e.g., strengthened leadership by boards and executive officers or new financing and accountability measures) should be carefully considered. If is often said that no structure, no matter how well conceived, can compensate for ineffective leadership; conversely, the right people can make even a poorly designed system work.
- **Recognize that a good system takes into consideration both state and societal needs and the needs of colleges and universities, but recognizes that state interests are not necessarily the same as the sum of institutional interests.** States often begin reorganization debates with either of two misconceptions—each of which has an element of truth. One is that the state's needs will be better met if state policy deliberately fosters the autonomy and performance of individual colleges and universities; in other words, the less state involvement the better. Alternatively, others will argue that the sum of institutional needs is not the same as the state's needs. They will argue that institutional needs can only be understood in the context of a public agenda framed in terms of the state's long-range education, social and economic priorities. If each college and university is able to pursue its mission without regard to this broader framework, the result will be unnecessary program duplication. Important statewide concerns such as minority access and achievement or student transfer and articulation between and among institutions will not be addressed. The danger is that debates will be shaped by the assumption that one but not the other of these two perspectives must rule: either institutional autonomy is an absolute good and state involvement must be kept at a minimum, or state priorities must rule and institutional autonomy must be constrained by those priorities. As expressed by Frank Newman.

> What becomes clear is that the real need is not simply for more autonomy but for a relationship between the university and the state that is constructive for both, built up over a long period of time by careful attention on the part of all parties.[43]

An effective state coordinating mechanism is one that addresses the statewide or systemwide issues, while at the same time reinforcing effective institutional leadership and governance. Each college or university president should be an advocate for his or her institution's needs but should also be committed to ensuring that the needs of the state and system are met. The state must have a system strategy (encompassing sufficiently diverse institutions) to meet the state's education, social and economic goals, but also deliberately fosters conditions that create effective institutions with clearly differentiated missions.

- **Distinguish between state coordination and institutional governance.** As these terms are defined earlier in this paper, "coordination" is concerned primarily with the state and system perspective—the framework within which governance takes place. "Governance," on the other hand, relates to the direction (by boards of trustees and presidents) of individual colleges and universities or systems of institutions. This distinction is important because states often try to solve coordination problems with governance alternatives or vice versa.
- **Examine the total policy structure and process, including the roles of the governor and agencies of the executive branch and the legislature, rather than focusing exclusively on the formal higher education structure.** States will often change the higher education structure (e.g., abolish or restructure a state coordinating board) when, in reality, the source of the problem lies elsewhere (e.g., the general state government civil service requirements or the tendency of the state legislature to enact inappropriately detailed mandates).

Conclusion

State higher education leadership is the most complex, difficult balancing act in state government. There are no simple answers, no absolutes. While lessons can be drawn from other states, there is no perfect model. Conflicts are the reality. The challenge is to resolve those conflicts as close to the operating level (e.g., at the campus level or through cooperation among campuses) and as close to the real problems as possible. Once issues rise to the level of the governor and legislature, political as opposed to educational values tend to dominate the debate. Finally, what worked at one point, with one set of actors, may not work at another point. Systems designed for an earlier time are unlikely to be adequate for the challenges of the next century. States should periodically evaluate the adequacy of their systems and undertake carefully considered changes when necessary.

Notes

1. This overview draws in part on a chapter by Aims C. McGuinness, Jr., "The States and Higher Education," in Philip Altbach and Robert O. Berdahl, eds., *Higher Education in American Society* (New York: Praeger, forthcoming).
2. For discussion of "Autonomy and the Public Interest" and the role of coordination as a "suitably sensitive mechanism" see Robert O. Berdahl, *State Coordination of Higher Education* (Washington, D.C.: American Council on Education, 1971), pp. 3–17; see Frank Newman, *Choosing Quality: Reducing Conflict between the State and the University* (Denver: Education Commission of the States [ECS], 1987), for an overview of the forces leading to conflict, examples of appropriate and inappropriate state roles, and guidance on ways to build strong, more constructive relationships.
3. This categorization draws upon that used by Clark Kerr and Marian Gade, *The Guardians: Boards of Trustees of American Colleges and Universities: What They Do and How Well They Do It* (Washington, D.C.: Association of Governing Boards of Universities and Colleges [AGB], 1989), pp. 116, 128–129.

4. For a thorough analysis of campus-level boards in multicampus systems, see Edgar Schick, *The Local Board in Public Systems and Multi-campus Universities* (Washington, D.C.: AGB, forthcoming).
5. Kerr and Gade, p. 115.
6. For historical perspectives on statewide coordination see Ernest Boyer, *Control of the Campus* (Princeton: Carnegie Foundation for the Advancement of Teaching, 1982); Berdahl, *State Coordination;* Carnegie Commission on Higher Education, *The Capitol and the Campus: State Responsibility for Postsecondary Education* (New York: McGraw-Hill Book Company, 1971); Carnegie Foundation for the Advancement of Teaching, *States and Higher Education: A Proud Past and a Vital Future* (San Francisco: Jossey-Bass, 1976); ECS, *Challenge: Coordination and Governance in the 1980s* (Denver: ECS, 1980); Lyman A. Glenny, *Autonomy of Public Colleges (New* York: McGraw-Hill Book Company, 1959; Lyman A. Glenny and others, *Coordinating Higher Education for the '70s* (Berkeley: Center for Research and Development in Higher Education, University of California, 1971); John D. Millett, *Conflict in Higher Education: State Government versus Institutional Independence* (San Francisco: Jossey-Bass, 1982).
7. For more recent commentaries on statewide coordination see Patrick M. Callan, *Perspectives on the Current Status and Emerging Issues for State Coordinating Boards,* AGB Occasional Paper (Washington, D.C.: AGB, 1991); Lyman A. Glenny, *State Coordination of Higher Education: The Modern Concept* (Denver: State Higher Education Executive Officers [SHEEO], 1985); James R. Mingle, "Effective Coordination of Higher Education. What Is It? Why Is It So Difficult to Achieve?" *Issues in Higher Education,* Southern Regional Higher Education Board, Atlanta. No. 23 (1988); and ECS and SHEEO, *New Issues = New Roles: A Conversation with State Higher Education Executive Officers* (Denver: SHEEO, January 1989).
8. See John K. Folger and Robert O. Berdahl, *Patterns of Evaluating State Higher Education Systems: Making a Virtue of Necessity* (College Park, MD: National Center for Postsecondary Governance and Finance, 1987). Also, see as an example of a state policy agenda the Commonwealth of Virginia, Commission on the University of the 21st Century, *The Case for Change* (Richmond: State Council of Higher Education for Virginia, November 1989).
9. See Don A. Carpenter, *Role and Mission Development: A Comparison of Different Approaches;* J. Kent Carruthers, *Mission Maintenance: Tools for Change and the Consultative Process;* and Ellen Earle Chaffee, *System Strategy and Effectiveness* (Denver: SHEEO, 1987).
10. The Priorities, Quality and Productivity (PQP) initiative of the Illinois Board of Higher Education is perhaps the best example of a comprehensive, aggressive coordinating board initiative that links program review with restructuring of institutions to meet the economic realities of the next decade. Illinois Board of Higher Education, "Priorities, Quality, and Productivity of Illinois Higher Education: Summary and Assessment for 1992–93 and Recommendations for 1993–94," November 9, 1993.
11. For further information on basic program review processes see Robert J. Barak and Barbara E. Breier, *Successful Program Review* (San Francisco: Jossey-Bass Publishers, 1990); and Robert J. Barak, *Program Review in Higher Education* (Boulder: National Center for Higher Education Management Systems [NCHEMS], 1982).
12. See Dennis P. Jones, *Higher Education Budgeting at the State Level: Concepts and Principles* (Boulder: NCHEMS, 1984); and John K. Folger and Dennis P. Jones, *The Use of Financing Policy to Achieve State Objectives* (Denver: ECS, 1993).
13. See Peter T. Ewell, *Assessment and the "New Accountability": Challenge for Higher Education's Leadership* (Denver: ECS, 1990); Peter Ewell, *State Policy on Assessment: The Linkage to Learning* (Denver: ECS, 1990); and Peter Ewell, *Developing Statewide Performance Indicators for Higher Education: Policy Themes and Variations* (Denver: ECS, 1994).

14. For different approaches to classification, see Berdahl, *State Coordination,* pp. 18–19; Millet, *Conflict,* and Kerr and Gade, *The Guardians,* pp. 117, 128–129.
15. See Millett, *Conflict,* pp. 102–107, for discussion of differences, advantages and disadvantages of different kinds of state boards.
16. Berdahl, *State Coordination,* p. 15.
17. Titles are not always an indication of formal authority. The chief executive officer of the Ohio Board of Regents, a regulatory coordinating board, is "chancellor" even though the position's formal authority is not equivalent that a chancellor of a consolidated governing board such as the Oregon Board of Higher Education.
18. See Aims C. McGuinness, Jr., *Perspectives on the Current Status and Emerging Issues for Public Multi-campus University Systems,* AGB Occasional Paper No. 3 (Washington, D.C.: AGB, 1991) for discussion of origins of systems.
19. Kerr and Gade, pp. 115–118.
20. Kerr and Gade, pp. 118–119.
21. See Marian Gade, *Four Multicampus Systems: Some Policies and Practices That Work* (Washington, D.C.: AGB, 1993); Schick et al., *Shared Visions;* and D. Bruce Johnstone, *Central Administrations of Public Multi-Campus College and University Systems.* Studies in Public Higher Education, No. 1 (Albany: State University of New York, 1992).
22. For perspective from authors in the 1970s and early 1980s, see Boyer, *Control of the Campus;* Carnegie Foundation for the Advancement of Teaching, *The States and Higher Education;* ECS, *Challenge;* Millett, *Conflict.*
23. Aims C. McGuinness, Jr., "Intergovernmental Relations in Postsecondary Education: The Case of the 1202 Commissions," unpublished Ph.D. dissertation, The Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, 1979.
24. ECS and SHEEO, *New Issues—New Roles.*
25. ECS, *Transforming the State Role in Undergraduate Education: Time for a Different View* (Denver: ECS' 1985); National Governors' Association (NGA), *Time for Results: The Governors' 1991 Report on Education* (Washington, D.C.: NGA, 1986); and National Institute of Education, *Involvement in Learning: Realizing the Potential of American Higher Education* (Washington, D.C.: U.S. Government Printing Office, 1984).
26. James R. Mingle and Charles S. Lenth, "A New Approach to Accountability and Productivity in Higher Education" (Denver: SHEEO, November 1989), pp. 2–4; Ewell, *Assessment and the "New Accountability."*
27. Peter T. Ewell, *Levers for Change* (Denver: ECS, 1985).
28. See John K. Folger and Aims C. McGuinness, Jr., *Catalog of Changes: Incentives for Quality and Management Flexibility in Higher Education* (Denver: ECS, 1985); Jones, *Higher Education Budgeting at the State Level;* and Folger and Jones, *The Use of Financing Policy to Achieve State Objectives.*
29. Ewell, *Assessment and the "New Accountability."*
30. Ewell, *Developing Statewide Performance Indicators.*
31. Not included in this number are relatively technical changes such as slight changes in membership or board authority that did not alter the basic mission of the agency.
32. Aims C. McGuinness, Jr., *State Higher Education Policy for the 21st Century: A Framework for Evaluating the Adequacy of Current Policies and Structures for Supporting Long-Term Systemic Change* (Denver: ECS, 1994).
33. Clark Kerr, "The States and Higher Education: Changes Ahead," *The Great Transformation in Higher Education, 1960–1980* (Albany: SUNY Press, 1991), pp. 263–267.
34. Alene Bycer Russell, *Faculty Workload: State and System Perspectives* (Denver: SHEEO and ECS, 1992).
35. Ewell, *Developing Statewide Performance Indicators for Higher Education.*

36. Elliott, Roger W. and Mark Bateman, "An Attempt to Implement Performance-Based Funding in Texas Higher Education: A Case Study," *Focus on the Budget Rethinking Current Practice* (Denver: SHEEO and ECS, 1984).
37. See Babak Armajani, Richard Heydinger and Peter Hutchinson, *A Model for the Reinvented Higher Education System* (Denver: SHEEO and ECS, 1994); Aims C. McGuinness, Jr., *Perspectives on the Current Status and Emerging Policy Issues for Multi-campus University Systems.*
38. Illinois Board of Higher Education, "Priorities, Quality, and Productivity," November 9, 1993.
39. SHEEO, *Redesign: Higher Education Delivery Systems for the Twenty-First Century,* Vol. 1, No. 1 (April 1994), pp. 2–3.
40. The State Policy and College Learning (SPCL) project, funded largely by The Pew Charitable Trusts, examined the impact of state policy on undergraduate education. For an overview of the project and its findings, see the project report available from ECS in July 1994.
41. See Folger and Berdahl, *Patterns in Evaluating State Higher Education Systems,* for an excellent overview of evaluation issues and approaches.
42. Gordon K. Davies, "Muddled Priorities on Loan Defaults," *Chronicle of Higher Education* (May 11, 1994), p. A52.
43. Frank Newman, *Choosing Quality: Reducing Conflict between the State and the University* (Denver: ECS, 1987), p. xiii.

Governors versus College Presidents: Who Leads?

J. WADE GILLEY

The 1980s brought fundamental change to America, including a shift of governmental activism from the federal to the state level, i.e., from the president to the governors. Ronald Reagan's ascent to power in 1981, with his determination to trim back the federal government to get it "off the backs of the people," coincided with the emergence of a new breed of governors. Elected in the mid-1970s, the group was epitomized by Robert Graham of Florida, Michael Dukakis of Massachusetts, Lamar Alexander of Tennessee, Thomas Kean of New Jersey, and Bruce Babbitt of Arizona.

This post-Vietnam generation of governors, ambitious and well-educated, leaped at the opportunity to confront social and economic challenges and to establish, in the words of author David Osborne, "laboratories of democracy." Consequently, a time of federal restraint, of shifting and challenging economies, proved to be an era of the "progressive" governor, both Democratic and Republican.

At the same time, American higher education began to confront the effects of the shift from federal to state control. In November 1986, *Washington Post* editorialist Amy Schwartz raised the issue of whether or not universities were acting just like any other insatiable special interest group. She reported growing hostility toward the higher education establishment on the part of Congress, congressional staff, and others in the nation's capital.

Schwartz castigated higher education leaders for their role in the debates surrounding tax reform, mandatory retirement, and government spending. She accused colleges and universities of "not wanting to play by the rules" and "always seeking special treatment," whatever the question.

About the same time, Robert Rosenzweig, president of the prestigious Association of American Universities, commented in an opinion piece for the *Chronicle of Higher Education:*

> Universities are viewed differently from the way they used to be and from the way we view ourselves, and the differences are troublesome. It would be easy to say that we have an "image" problem, but I would prefer to say that we have a reality problem. Much has changed in institutions and the context in which they operate, and those changes are now being felt in the political and policy arenas. It is essential that we understand the fact and govern our individual and collective actions accordingly if we are to retain the confidence on which the future success of universities will depend.

Who Are the Governors Listening To?

If Rosenzweig was concerned about the serious communications gap between higher education lobbyists (and perhaps universities in general) and the rest of the Washington establishment, including the influential *Post,* he should have attended the Spring 1986 meeting of the state relations committee of the American Association of State Colleges and Universities. After an extensive discussion revealing that few educators were aware of their governors' plans for higher education, one university president blurted out, "Just who are the governors listening to?"

Like their leaders in Washington, these university presidents were confused, even hurt, by their lack of communication with government. The new breed of governors, convinced that higher education, more than ever, would play a crucial role in economic competitiveness in the twenty-first century, were generating their own ideas about the role of colleges and the curricula they should offer. But college presidents felt left out of the decision-making process and the communications loop regarding higher education in their home states.

To explore the question "Who are the governors listening to?" the Center for Policy Study in Education at George Mason University decided to ask the governors. In the summer of 1986, all fifty governors were surveyed; thirty-two provided usable responses. The nine-question survey included such questions as "Where do your best ideas on educational policy come from?" "What educational publications are you most likely to read?" "Which educational meeting are you most likely to attend in the course of a year?" "Which national/regional organizations best serve your needs regarding higher education policy and programs?"

The results of this survey were published by the center in December 1986 in a twelve-page monograph. The following year, over 1000 copies of the document sold. In addition, it was covered in the *Chronicle of Higher Education* and daily newspapers around the country. The findings published in that report are summarized here:

- Governors did not rely on higher education leaders for ideas, programs, and policies for state institutions. In fact, interviews supplemental to the survey revealed governors are generally standoffish toward college and university presidents.
- Governors instead relied on their own people (cabinet officers and special assistants) and organizations (National Governors' Association and Education Commission of the States, for example) for issues, ideas, and programs.
- Governors essentially got their ideas from each other, ideas that evolved through a metamorphosis as they were passed around a closed circle of governors and associations.

These "new governors" saw many economic and social problems that could and should be tackled at the state level.* And they were convinced that education holds the key to many doors that must be opened if the United States of America is to enter the twenty-first century as a leading partner in a new world economic order. (In the 1986 survey, twenty-nine of thirty-two governors responding reported education as a top priority of their administrations, and most had been successful in convincing their legislatures to fund educational initiatives.)

Faced with a ticking clock (eight years was the maximum tenure of office for most) the governors of the '80s were action oriented. They wanted to define problems and solutions immediately, during the first year in office, and initiate programs.

Apparently, however, these eager state leaders felt frustrated by a lack of responsiveness on the part of colleges and universities. Not only did they feel their own ideas and initiatives did not move fast enough, they also saw insufficient action on the part of academe in defining and tackling twenty-first century issues and problems. What they did see, however, were requests for more money for generic issues and programs—faculty, salaries, equipment, and deferred maintenance, for example. While governors realize these long-term investments are necessary, they still feel compelled to take immediate action, and do not see much help coming from the academy.

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* David Osborne notes that national policies of yesteryear, including many of Franklin Roosevelt's initiatives, originated in the states—or "laboratories of democracy" *(Laboratories of Democracy. A New Breed of Governor Creates Models for National Growth,* Boston: Harvard Business School Press, 1988).

The Problem Gets Worse

As a result of this situation, characterized by independent attitudes and actions of governors and puzzlement and irritation by college and university presidents, a serious communications gap between the two camps was identified in 1986. Unfortunately, the 1988–89 CPSE survey of higher education indicated the communications gap had quickly grown into a rift. For example, governors were asked to identify "troubling behavior patterns emerging in the administration of colleges and universities." Their replies highlighted two major topics: (1) incompetency of two- and four-year school administrators, and (2) excessive administrative expenses.

The incompetency response represents a distillation of several statements by governors, including: "lack of concern for quality among college administrators," "lack of clear educational administration," "inability to control costs," "reluctance to be accountable," "mistrust/competition among administrators and institutions," and "competency decline of two- and four-year college administrators." Nineteen of the twenty-six responding governors clearly identified college and university presidents as specific problems contributing to the "incompetency" and "excessive administration expenses."

These responses seem to represent a significant change from the 1986 survey of governors. The discrepancy could be explained, however, by the directness of the 1988–89 question. (The 1986 conclusion was drawn from a series of questions designed to find out where governors were obtaining their ideas on higher education policies and initiatives.)

College and university presidents, on the other hand, responded to this same question very differently. They listed "political interference," "increased regulations," "too much state control," and "not enough attention to the long-term" as "troubling behavior patterns emerging in the administration of colleges and universities." Of sixty-nine college presidents responding to the 1988–89 survey, seven saw no troubling patterns emerging in higher education, but three expressed concern about the quality of two- and four-year college administrators. Twenty-seven presidents saw "externalization" of key administrative decisions as a major problem. And many of those twenty-seven mentioned "political influence" on administrative decisions and "lack of clear direction" from the state as troubling patterns.

The 1988–89 survey did reflect some commonalities in the responses of governors and presidents. Neither, for example, foresaw the growing problem of racial tensions as a difficulty on campuses. And neither mentioned "sharing goals and plans with faculty" as did the other higher education professionals surveyed. But overall survey results clearly indicated that a rift exists between governors and college presidents, a breach that poses a serious problem for colleges and universities in the 1990s.

The responsibility for rectifying this situation must rest on college and university presidents. Granted, college and university presidents, like mayors, corporate officers, union officials, and other leaders in contemporary America, are losing their ability to lead. They are limited by government regulations, by the press, and by organized workers including faculty, whether unionized or not. And to be sure, college presidents do not elect governors, and governors cannot be ignored or fought. But those in leadership positions must step up to the responsibility to lead.

What can presidents do? An old proverb advises that the way to change other people's behavior is to change your own. This is precisely what college and university presidents must do if they are to be heard as functioning members of their state's leadership team. First, higher education must take seriously the nation's problems: poverty, national competitiveness, environmental questions, national fiscal matters, and minority participation in American life, to list but a few.

Harvard President Derek Bok has long held a leadership role in articulating this view. He insists that colleges and universities can help define and generate ideas for solutions to the nation's problems. He insists also that we not snub applied research, since it is in the application of knowledge that the Japanese and others are out-competing the United States.

Suggestions for the Higher Education Community

In an era when decisions made at the state capital hold increasing consequences for higher education, the axiom "perception is reality" is an important one for university leaders to remember. If colleges and universities seem detached from state issues and appear preoccupied with their own concerns, if higher education leaders are perceived as approaching the state capital with their hands out, interested only in grabbing the money and running, then why shouldn't governors (and legislators) look to more independent and less self-centered institutions and individuals for ideas, programs,

If, however, higher education leaders believe it is important to become team members in the global stakes game now underway in the state capitals, new strategies for cooperation must be developed and initiated. However, any such strategies should be built around one overriding principle. The American higher education system is a major national resource, one that must be perceived and used as a primary force for the common good; therefore, college and university leaders must work to include societal needs on the agenda as they go about developing their institutions-and they must be seen to be doing so. To this end, the following recommendations are suggested:

- College and university leaders must pay more attention to broader state issues. Concern with the long-term health of their states—economic, political, social, environmental, as well as educational—should be a constant preoccupation of colleges and their leaders. Without a healthy state, higher education will obviously wither, private institutions hardly less than public ones.
- Colleges and universities possess an enormous capacity for generating new ideas and approaches to state issues and concerns. In many cases, simply alerting faculty that state issues are of concern to their institution's leaders will focus attention on generating relevant ideas. Administrators can stimulate this process by identifying and reinforcing faculty energy devoted to state issues.

  In other cases, colleges and universities may want to formally structure such a process through a public policy institute or the like. In addition, in recruiting faculty, institutions can focus preference on individuals with interest and expertise in state issues and policymaking.
- An institution's public image can be shaped, in part, by the president's use of the executive office to speak out on public issues. Although they must avoid taking sides on partisan issues, presidents should nevertheless speak out, write newspaper columns, and occasionally communicate privately with state leaders—always seeking to educate and to provide alternatives.
- In their interactions with state governments, colleges and universities should consider a team-oriented approach. Faculty can identify issues, offer ideas, and advise boards, task forces, staffs, and elected officials. Presidents, vice presidents, deans, staff, and board members can all contribute as productive team members by cultivating individual relationships, offering ideas, and gathering information on state issues via contacts with leaders in state government.

- Educators must become involved where education policy changes originate. Consequently, college and university presidents must participate in think tanks studying state issues, and in information exchange forums represented by the Education Commission of the States (ECS), the National Governors' Association, and the Southern Regional Education Board. The dramatic revitalization of ECS during the 1980s emphasized not only the increased importance of the states' role in education matters, but also the intense desire of governors and legislators for information and ideas on higher education.
- More attention must be focused on rapidly developing gubernatorial (and legislative) staffs. Titles may differ—secretary of education, policy analyst, or special assistant—but in almost every state, a new cadre of government professionals is developing. Educators must not underestimate the role and importance of these new technocrats. Not only are these staffers technically competent, they also represent an important link in new information loops developing at the state capitals. Informal loops are equally important to formal ones. Educators must therefore tap into both formal and informal loops.
- College and university leaders should read, discuss and inform those publications read by policymakers instead of those read only by other educators.
- Academic institutions, through various policy centers and departments, can prepare and publish timely articles and books on public issues, including educational issues that state executive and legislative leaders will have to confront. The focus should be on identifying issues, tracing their evolution, and analyzing alternative solutions.

Clearly, basic relationships between public institutions of higher education and their state governments will differ to an important degree in the 1990s. The states have taken on an expanding role in economic development, social programs, and education; a new type of governor—younger, more aggressive, and more determined—is taking charge and making things happen; and new policy information and decision loops comprising government staff, task forces, and national organizations are taking shape. The combination of these forces means that higher education must create a new leadership role for itself, one that addresses broader social and economic issues at the state level.

Also, in addition to exerting leadership in the pursuit of academic excellence and the control of athletic programs, college and university presidents must stand tall in the state policy arena. If they accept this challenge in a determined and constructive manner, American higher education can take a seat in the new state-level inner circles that are charting America's course for the future. American institutions and society will then reinforce the historic, symbiotic relationship between town and gown, a relationship which mutually benefits and enriches the health and growth of both.

The Peculiar Mixture: Public Norms and Private Space

Stephen K. Bailey

In a generic sense, this book is trying to sort out what all generations of free people must sort out: that peculiar mixture of freedom and order that is compatible with evolving norms of social justice on the one hand, and with the fostering of both critical and creative impulses on the other. Government regulation of higher education is simply a subtheme of the eternal Yin and Yang of democratic politics: the need to promote equity without destroying individuality, the need to satisfy claims of fairness without stultifying essential life forces.

It is quite impossible to summarize adequately the textured richness of what has been presented in the foregoing pages. All that this concluding chapter will do is to abstract three themes that are of central importance as we face the future of government regulation of higher education.

Theme number one is perhaps best epitomized in a wise admonition of the late James Thurber: "Let us not look forward in fear, or backward in anger, but around in awareness."

Theme number two is that the essence of democracy is not in confrontation but in permeation; not in the adversarial proceeding itself, but in settling out of court; not in nonnegotiable demands, but (in a nonpejorative sense) in compromises and deals.

Theme number three is that, looking ahead, higher education will by and large get the kind of government regulation it deserves, or in Charles Saunders' felicitous phrase, "The next move is ours."[1]

On theme number one, the Thurber theme, let it be acknowledged that higher education vis-a-vis government regulation has frequently looked backward in anger or forward in fear. Faced with a largely novel sense of being crowded by government laws, regulations, inspections, and reports, many spokesmen for our colleges and universities have lashed out in irritation or foreboding. John Howard, president of Rockford College, believes that "affirmative action" is a large and fateful step "which the nation has taken toward intellectual and cultural suicide."[2] Derek Bok believes that government interference is the greatest single threat to Harvard's integrity in the years ahead.[3] Kingman Brewster has on occasion in recent years sounded like a latter-day Thomas Jefferson, fearing that the federal government is today's George III who, in the words of the Declaration of Independence, "has created a multitude of new offices, and sent hither swarms of officers to harass our people, and eat out their substance." Following Freudian laws of psychological displacement, other spokesmen in higher education associations and councils have ranted against the evils of government regulation, echoing E.B. White's lament that the world has gotten completely out of hand.

In retrospect, some of the concern—some of the shrillness—may have been justified; but much of it has not. Even if some laws and regulations seem unwarranted or carelessly constructed, it is useful to remember Macauley's insight that "reformers are compelled to legislate fast because bigots will not legislate early."[4] Many of the laws and regulations that trouble higher education have their origin in evidences of injustice, callousness, chicanery, and capriciousness throughout American life, as within the academy itself. We in this nation are undergoing a fateful revolution in regard to both substantive and procedural due process. This revolution is an attack upon inherited prejudice—what Lyndon Johnson called "unequal history"—and upon whimsical exercises of authority. The protections against these evils tend to find their embodiment in rules governing process. For those accustomed to the traditional decisional perquisites of station, the imposition of procedural constraints by outside authority is a pain in the neck. But as Justice Holmes once reminded us, "Liberty is secreted in the interstices of procedure." Procedure, to paraphrase an early hymnwriter, is "the bridle of colts untamed."

How many of us could honestly endorse a return to the days when, with impunity, college authorities could discriminate against Jews, or Blacks, or women in student admissions or in faculty hiring, firing, and promotion? Even today, in accordance with evolving norms of fairness and accountability, one cannot believe that most colleges and universities are adequately accessible to handicapped students, or that male and female staff are treated equally. Logically or politically, there is no sound reason why colleges should be excused from health and safety regulations and minimum-wage laws applicable to other populations and social institutions. And who can deny that some colleges and universities have permitted lax and sometimes fraudulent practices to occur in the allocation and expenditure of government grants or contracts?

As the distinguished Black educator, Charles S. Johnson, once wrote, "No one expects laws to reform the hearts of people; this is not their purpose. They can, however, and do, according to the venerable Judge Learned Hand, control the disorderly, even at times at the risk of making them angry."[5]

Colleges and universities are disorderly when they are capricious; when they discriminate on the basis of racial, religious, or sex prejudices; when they advertise in a misleading fashion; when they accept G.I. Bill money without some reasonable check on the attendance or academic progress of veterans; when they allow runaway grade inflation; when they execute budget transfers that violate government accounting requirements; when they maintain academic standards on the main campus but let them slide on a branch campus in a distant city or state.

This is not to suggest that such practices are universal, or that all of them are widespread. But their incidence is extensive enough to warrant deep public, and therefore governmental, concern. When Henry VIII, for reasons of personal convenience and lust, effected the Protestant Reformation in Tudor England, he enjoyed the support of a people suffused with an anticlericalism that had been building for centuries. If contemporary cries of anguish from the academy at being regulated by government are perceived by the general public to represent claims of immunity from the laws and norms of the larger polity, our academic abbeys will be no safer from destruction than were Glastonbury and Melrose.

An honest acknowledgement of the mote in higher education's own eye is a necessary part of the Thurberian notion of "looking around in awareness." We will not understand government regulation of higher education unless we understand why someone believes we deserve regulation.

But there is another aspect to our looking around in awareness. What is it that drives the government to be as inept as it is in fashioning and implementing the laws and regulations it writes? Surely few of the regulations governing higher education have been authored with clarity or enforced with efficiency. Part of higher education's wailing is the result of a signal ineptitude in legislative drafting and grotesqueness in the regulatory machinery. Picking out devils, of course, rids one of surplus adrenalin. We accuse congressmen of garnering votes by taking cheap shots at the academy. We conjure from the witches' brew of our anxieties a phantasmagoric montage of power-hungry bureaucrats, some of them disappointed academics, delighting in making us twist slowly in the wind. We watch government lawyers in their sullen trade, and accuse them of gloating as they spin their webs of red tape. Occasionally but not frequently our paranoia may conform to reality. There are kinder and more plausible explanations for the dysfunctions of the regulatory process.

First, many of the issues are exceedingly complex. There is nothing self-evident about how to be fair to everybody, or about how to catch real culprits without irritating the innocent.

Government openness and individual privacy are both legitimate goals in a free society, but avoiding excruciating trade-offs in these interrelated fields is virtually impossible. When values and pressures conflict in the formulation of legislative policy threatening to wound the body politic, ambiguity is a standard analgesic. Those who lament the lack of clarity in legislative draftsmanship would frequently be outraged to the point of rebellion if legislative intent were in truth precise. Lawmaking is often the art of judicious obfuscation when clarity about values bitterly in contention would unduly rend the fabric of our community. There have been occasions (the Buckley amendment comes to mind) when higher education associations have been upset by the introduction of legislatively unconsidered items at ultimate points in the process.[6] But such instances are rare. The more frequent reason for what in retrospect turns out to be ambiguous or convoluted law is that the issues at stake are inherently complex and controversial.

Second, laws and especially those dealing with complex matters, are generally not self-defining. There is simply no way of writing general law so that its application to different realities can forestall injustice in particular cases. When the Interstate Commerce Commission was established in the late 1880s to set railroad rates, all Congress could do was to mandate that the rates be "fair and reasonable." An elaborate procedural machinery has evolved in this nation, as in other nations, to try to insure procedural due process in the application of general law to particular cases. The landmark study of the Attorney General's Committee on Administrative Procedures just before World War II,[7] ensuing legislation in 1946 and subsequently,[8] and various decisions by federal and state courts[9] have set basic criteria for procedural fairness. But the legal matrix is still evolving and those in federal departments and agencies charged with drawing up detailed regulations for carrying out legal mandates often find themselves caught in a series of contradictions or uncoagulated legal principles. There may be no way of making clear through regulations what Congress intentionally fudged in the law itself. Furthermore, if those who will be affected are to be involved early in the discussion of draft regulations to clarify and improve regulatory language, is there danger of collusion—of bringing the fox into the chicken coop? Secretary Weinberger thought there was such a danger and prohibited early consultations. Secretary Mathews discounted the danger and ordered his subordinates to consult early and often. Higher education associations have pleaded, with some success, for early openness in regulatory drafting. But most academic political scientists have certainly not been advocates of early openness in regulatory processes involving big business. A recent decision by a U.S. Court of Appeals for the D.C. Circuit appears to circumscribe early openness in regulation drafting, giving uncomfortable weight to the Weinberger doctrine.[10] In any case, the substance and the procedures of regulation-writing are neither obvious nor easy.

In the third place, *many* laws and agencies are often involved (and understandably so) in important areas of federal regulation. This is certainly true of the field of civil rights, equal opportunity, and affirmative action. But overlapping jurisdictions exist in other areas as well: the uses of humans and animals in academic research, occupational safety and health, academic fraud, auditing standards, and data requirements. One may rail against inefficiencies and duplication, and one may work toward simplification and consolidation.[11] But most of the overlap is a product of inadvertence and of honest efforts at bureaucratic compliance with legislative mandates, not of legislative or administrative venality. Moreover, it is not, alas, self-evident that the perceived interests of higher education are always better served by one powerful agency than by many weak and overlapping ones.

In sum, if we are to look around us with awareness, it is not helpful to search for willful devils. As Harold Laski reminded us decades ago, "Politics is . . . unintelligible if we simplify it to the point of making it the struggle of right against wrong, of good men against evil."[12] Once admitting this essential truth, we may be able to move to theme number two: the realization that the essence of democracy is in negotiation not in confrontation. Gellhorn and Boyer (Chapter 3: The Academy as a Regulated Industry) make this point with complete clarity. It need not be elaborated upon except to reinforce their contention that government regulation of higher education has been, on most matters and in most cases, an extraordinarily attenuated process of parry and thrust, give and take, threats and appeals, errors and correction, arrogance and contrition. One is frequently amazed at the variety of pressure points available to the higher education lobby when confronted with a threat from any quarter of the federal government: appeal to the good sense of the proximate perpetrator, appeal to his boss, appeal to the House, appeal to the Senate, appeal to the White House, appeal to the judiciary.

Not only do such appeals frequently temper the crusading fervor of individual bureaucratic zealots, they cause revisions of and adjustments in the system. Far from finding unfeeling bureaucrats or stubborn elected officials, higher education's representatives are constantly reminded of the permeability of the governmental membrane or, to change the metaphor, the willingness of the system to react positively to the "feedback loop" of informed criticism. In the past few years, higher education's associations and academic leaders have worked with a score of committees and commissions charged with improving some aspect or other of the regulatory process—an Interagency Task Force on Higher Education Burden Reduction, a Commission on Federal Paperwork, a Student Financial Assistance Study Group. There have been congressional efforts to help ease the regulatory burdens through provisions of the Education Amendments of 1976—administrative cost allowances, mandates for the coordination of federal-agency data gathering, mandated progress reports on paperwork reduction, conditions that regulations be promulgated not "as deemed appropriate," but "as may be necessary" (a subtle but important nuance).[13]

There is still much to be done. Roger Heyns of the American Council on Education recently outlined in a letter to President Carter a number of areas where, in higher education's estimation, the government needs to be more efficient and more prudent in the regulatory process: the coordination and administration of federal programs; the burden of new regulations imposed by the Veterans' Administration; overlapping jurisdictions in EEO, civil rights, and affirmative action; the need for "cognizant" (that is, lead) agencies in fields where many federal agencies now have jurisdiction; the removal of cost-sharing provisions in appropriations legislation; the raising of the minimum value of nonexpendable personal property that must be accounted for; adoption of the recommendations of the Commission on Federal Paperwork, especially as they apply to OSHA and ERISA reporting requirements.[14]

But what is significant about Heyns' letter is that it was requested by President Carter himself. And there are other examples of federal sensitivity. In the knotty area of overhead rates on federal contracts, Secretary Califano reacted immediately and positively to the suggestion made last February by a delegation from the higher education associations that the Undersecretary of Health, Education and Welfare, Hale Champion, review with a small academic task force a series of draft regulations drawn up within HEW last year governing indirect costs.

The daily work of ACEs Charles Saunders, Shelly Steinbach, Betty Pryor, and Laura Ford, and their counterparts in sister associations in identifying peril points of federal legislation, regulation, and judicial decision making is an extraordinary success story not only because they are bright and energetic people, but also because we live in a democratic society in which government is responsive to intelligently developed petitions for redress of grievance. This does not mean that government is blameless. Nor is it always sensitive to the dangerous side-effects of well-meaning policies. Sometimes it is maddeningly slow or obtuse in discerning dangers in laws and regulations. But just as frequently it is responsive to anxious noises from those being regulated—sometimes to the point where those who should be benefiting have become cynical about the willingness of government to get tough. Witness the recent demonstrations of the handicapped in Secretary Califano's office protesting delays in the issuing of regulations. It would be easier, however, for the government to get tough more often if there were available graduated penalties that were less than apocalyptic. But such a degree of rationality in public policy is still ahead of us.

This brings us to the third and final theme—higher education by and large will get the kind of government regulation it deserves. This does not mean that, with the academy's assistance, government will always keep within the bounds of prudence and fair practice, or that it will always be sensitive to subtle differences in institutional needs and requirements. Again, to borrow from E.B. White, "The urge to solve a problem with a bulldozer or some other heavy piece of machinery is strong."[15] All of us need reminding that certain aspects of academic life can be regulated by the heavy machinery of government only at a fearful price. At this writing, the ACE is trying to fend off the heavy machinery of the Federal Trade Commission in various fields of advertising and fair practices—not because the academy is guiltless, but because there are perverse dangers in using an industry-oriented bulldozer to weed an academic garden.

Or consider the dilemma of eligibility and accreditation, posed on the one hand by the need of the government to determine which postsecondary institutions are eligible to receive federal grants, and on the other by the principle of academic quality control through private regional and professional accrediting agencies. If the U.S. Office of Education moves too far in its qualitative determination of eligibility, it usurps traditional accrediting functions and becomes a French ministry with power of life and death over our colleges and universities. Yet the Council on Postsecondary Accreditation—representing as it does the regional and professional accrediting associations of the academy—has neither the capacity nor the desire to move into the policing functions that would in essence make federal government inspectors of private accrediting associations. In this circumstance where government criteria for determining eligibility leave off and private accreditation functions begin, the matter is one of continuing debate and uncertainty—especially when there is factored in the chartering and licensing role and responsibility of the several states.[16]

At the moment, what academics perceive as a government bull in the china shop is chasing what public officials perceive as an academic dog in the manger. Perhaps both sides must learn to appreciate that between detailed government accountability and complete institutional autonomy under private self-regulation is and must remain a no-man's-land or the general public may suffer. Neither government regulation nor self-regulation have been very efficient enterprises. As Edwin Neumann observed, "Since there always seem to be more inputs than outputs, there must be some 'puts' getting lost somewhere." [17]

None of this contradicts the central point of theme three: that is to say, the future of government regulation—its pervasiveness and its severity—will be greatly conditioned by what higher education itself determines to do about the issues enveloping it. If we in the academy do in fact look around with awareness; if we staff ourselves and our associations to bargain with government from a position of informational, analytical, and political strength; and, above all, if we demonstrate by our behavior that we can regulate ourselves in the public interest, the parade of terrors conjured by the term "government regulation" will largely disappear. The real question is whether we can learn to internalize John Gardner's precept: "Self-discipline is the yoke of free men."

The surest way to guarantee a continuation and extension of the kinds of government regulation we do not like is to play a self-righteous Thomas R. Becket to the Henry II of a pragmatic and popular government, to pretend that we are free from sin and that in any case government has no right to invade our bastions of sacred immunity even when we are unjust. Furthermore, if we are foolhardy enough to assume that higher education has more troops than the government in any direct confrontation, that we need not be sensitive to emerging norms of social justice, or need not attempt to put our own houses in order, then we will get what we deserve. The government will ultimately run us over, to the sound of applause from public bystanders.

There are test cases ahead, notably in the implementation of regulations governing the handicapped and, a little further along, in the carrying out of the Age Discrimination Act of 1975. Both of these new evidences of emerging social norms of equity and equality can be fought tooth and nail. Both can find higher education reacting like a cornered Tasmanian devil. But in both there is opportunity for higher education to internalize the new public norms and to prove by acts of creative response that it can anticipate and obviate the necessity for punitive regulations. Such responsiveness is not too late even in more traditional fields like affirmative action and occupational safety and health. But if academe does not react to government laws with more understanding and more creativity, it will find itself trapped in the dictum of Max Scheler. "True tragedy," he wrote, "arises when the idea of justice appears to be leading to the destruction of higher values."[18] Such a tragedy is both unnecessary and preventable. But the major burden of avoidance is on the academy.

This is not, however, to let government policymakers, regulation drafters, judges, and enforcement agents off the hook. They in turn must realize that not all of the injustices of the world are amenable to legal and administrative redress, that there are in fact legal and administrative therapies whose side effects are worse than the disease they were designed to cure. Society and the institutions that it comprises *can* be leveled to an equity that stifles rather than liberates. John Quincy Adams wrote in his *Memoirs* that the administrative age tends to be "an age of small men and things."[19] A society bound too tightly by tethers of litigiousness and pettifoggery can end up devoid of adventure—and without adventure, Whitehead noted, civilization is in full decay.

Government must be aware of the special financial burdens on colleges and universities that accompany compliance with new laws and regulations. Such costs have skyrocketed in the past decade, and colleges and universities find it difficult or impossible to pass these costs on to students in the form of higher tuition, or even on to hardpressed state legislatures in the form of higher taxes. It is not unreasonable for higher education to request government assistance in meeting some of the administrative costs imposed by new government mandates. Higher education is still waiting for a full government understanding of, and adequate response to, this patently just request.

Over the course of the decades ahead, the long-range bargain between the academy and the government must be a trade of self-regulation for privacy. If those of us in higher education succeed in convincing the government that we are making an honest effort to keep ourselves aware of evolving norms of social justice, and are making these norms increasingly manifest within our own systems and institutions, then we may be taken seriously when we ask in return for some private space—space where odd and irreverent minds may ponder, create, explore, discover, criticize, nurture, transmit, and doubt, and where, in God's own time, both young and old, by unleashing the powers of the unfettered mind and the free spirit, may once again fill our fragile world with songs of hope.

Notes

1. See Charles B. Saunders, Jr., "Easing the Burden of Federal Regulations: the Next Move Is Ours," *Educational Record* 57:4 (1973): 217–24.
2. Quoted in James Kilpatrick, "Congress and the Colleges," *Dallas Times-Herald,* March 14, 1977.
3. Harvard University, *The President's Report, 1974–1975.*
4. Thomas B. Macauley, *Speeches on Politics and Literature* (London: Everyman's, 1936), p. 53.
5. Quoted in Stephen K. Bailey, Howard Samuel, and Sidney Baldwin, *Government in America* (New York: Holt, 1957), p. 176.
6. Family Educational Rights and Privacy Act of 1974 (FERPA), P.L. 93–380, §513, *as amended by* P. L. 93–568, §2. For a useful review of "privacy" policy as it may affect higher education, see Sheldon Elliott Steinbach, "Employee Privacy, 1975: Concerns of College and University Administrators," *Educational Record* 57:1 (1976): 29–33.
7. "Report of Attorney General's Committee on Administrative Procedures" (1940).
8. 60 Stat. 237 (1946), *as amended by* 80 Stat. 378 (1966), *as amended by* 81 Stat. 54 (1967), 5 U.S.C. §§1001 *et seq.*
9. *Phelps Dodge Co. v. NLRB,* 313 U.S. 177, 61 S. Ct. 845, 85 L. Ed. 1271, 133 A.L.R. 1217 (1941). *SEC v. Chenery Corp.,* 318 U.S. 80, 63 S. Ct. 454, 87 L. Ed. 626 (1943).
10. *Home Box Office, Inc. v. F.C.C.* (March 25, 1977) (No. 75-1280).

11. See H.R. 3504, 95th Cong., 1st Sess., introduced by Congressmen Edwards (D-Cal.) and Drinan (D-Mass.). The Edwards-Drinan Bill would merge authority for administering several of the principal equal-opportunity statutes in the EEOC, and for the first time grant to that agency significant enforcement powers.
12. Harold J. Laski, *Where Do We Go From Here?* (New York: Viking, 1940), p. 20.
13. For a discussion of the work of these committees and commissions, and of congressional initiatives, see Saunders, op. cit.
14. Letter to President Carter from Roger W. Heyns, President, American Council on Education, March 25, 1977.
15. E.B. White, *The Points of My Compass* (New York: Harper & Row, 1962), p. 135.
16. Harold Orlans, *Letters from the East, the West, the North, the South, Private Accreditation and Public Eligibility* (Lexington, Mass.: D.C. Heath, Lexington Books, 1975). See also Kenneth Young, "Statement Presented to the Student Financial Assistance Study Group," Council on Postsecondary Accreditation, December 8, 1976.
17. Quoted by Morton Gerda, "Adult & Continuing Education," *Innovation* 8:2 [University of Michigan] (September 1976): 1.
18. Quoted in the Preface to Irving Hose, *Politics and the Novel* (New York: Horizon, 1957).
19. *Memoirs of John Quincy Adams* (Philadelphia: Lippincott, 1876), p. 117.

The Study of Public Policy

JAMES E. ANDERSON

As a consequence of American military intervention in Southeast Asia during the 1960s and early 1970s, more than 45,000 American soldiers lost their lives, many thousands more were wounded, and tens of billions of dollars were expended on the Indochina war effort. Protests and demonstrations against the war occurred, many young men went to prison or to Canada to avoid being drafted, and cynicism and distrust toward government increased. It is really difficult to estimate the impact that American Southeast Asia policy has had on the United States, let alone Southeast Asia and the rest of the world.

As a consequence of the Nixon Administration's policies following the development of the energy crisis, gasoline prices rose sharply and many motorists spent hours waiting in lines to purchase fuel. Whether rationing and price controls would have produced more satisfactory results is certainly open to argument. The point is, however, that what happened was not "natural," was not simply a matter of events following their normal course; public policy gave shape to the events that occurred.

In our daily lives and in our academic activities, such as political science courses, we make many references to public policy. The term may be used quite broadly, as in "American foreign policy," "Soviet economic policy," or "agricultural policy in Western Europe." It may also be employed with more specific referents, as when we speak of the national government's policy toward conglomerate mergers, the state policy of Texas on farm-to-market roads, or the policy of New York City on snow removal. Although public policy may seem rather abstract or we may think of it as something that "happens" to someone else, this is clearly not the case, as the preceding two examples should indicate. All of us are profoundly affected by a myriad of public policies in our daily lives.

Generally, the term "policy" is used to designate the behavior of some actor (e.g., an official, a group, a government agency) or set of actors in a given area of activity. Such usage may be adequate for ordinary speech, but, since the concern in this book is with the systematic analysis of public policy and its formation, we need a more precise definition, or concept, of public policy in order to communicate more effectively with one another.

What Is Public Policy?

The literature of political science is full of definitions of public policy. Sooner or later, it seems, almost everyone gives in to the urge to define public policy and does so with greater or lesser success in the eyes of his critics. A few such definitions will be noted and their utility for analysis remarked upon. To be really useful and to facilitate communication, an operational definition (or concept, as I am using the two words somewhat interchangeably) should indicate the essential characteristics of the concept under discussion.

One definition of public policy holds that, "broadly defined," it is "the relationship of a government unit to its environment."[1] Such a definition is so broad as to leave most students uncertain of its meaning; it could encompass almost anything. Another definition states that "public policy is whatever governments choose to do or not to do."[2] There is a rough accuracy to this definition, but it does not adequately recognize that there may be a divergence between what governments decide to do and what they actually do. Moreover, it could be taken to include such actions as personnel appointments or grants of licenses, which are usually not thought of as policy matters. Richard Rose has suggested that policy be considered "a long series of more-or-less related activities" and their consequences for those concerned rather than as a discrete decision.[3] Though somewhat ambiguous, Rose's definition nonetheless embodies the useful notion that policy is a course or pattern of activity and not simply a decision to do something. Finally, let us note Carl Friedrich's definition. He regards policy as

> . . . a proposed course of action of a person, group, or government within a given environment providing obstacles and opportunities which the policy was proposed to utilize and overcome in an effort to reach a goal or realize an objective or a purpose.[4]

To the notion of policy as a course of action, Friedrich adds the requirement that policy is directed toward the accomplishment of some purpose or goal. Although the purpose or goal of government actions may not always be easy to discern, the idea that policy involves purposive behavior seems a necessary part of a policy definition. Policy, however, should designate what is actually done rather than what is proposed in the way of action on some matter.

Taking into account the problems raised by these definitions, we offer the following as a useful concept of policy: *A purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern.* This concept of policy focuses attention on what is actually done as against what is proposed or intended, and it differentiates a policy from a decision, which is a choice among competing alternatives.

Public policies are those policies developed by governmental bodies and officials. (Nongovernmental actors and factors may, of course, influence policy development.) The special characteristics of public policies stem from the fact that they are formulated by what David Easton has called the "authorities" in a political system, namely, "elders, paramount chiefs, executives, legislators, judges, administrators, councilors, monarchs, and the like." These are, he says, the persons who "engage in the daily affairs of a political system," are "recognized by most members of the system as having responsibility for these matters," and take actions that are "accepted as binding most of the time by most of the members so long as they act within the limits of their roles."[5]

At this point it would be well to spell out some of the implications of our concept of public policy. First of all, purposive or goal-oriented action rather than random or chance behavior is our concern. Public policies in modern political systems are not, by and large, things that just happen. Second, policy consists of courses or patterns of action by governmental officials rather than their separate discrete decisions. For example, policy involves not only the decision to enact a law on some topic but also subsequent decisions relating to its implementation and enforcement. Third, policy is what governments actually do in regulating trade, controlling inflation, or promoting public housing, not what they intend to do or say they are going to do. If a legislature enacts a law requiring employers to pay no less than the stated minimum wage but nothing is done to enforce the law, and consequently no change occurs in economic behavior, then it is fair to contend that public policy in this instance is really one of nonregulation of wages. It seems nonsensical to regard an intention as policy without regard for what subsequently happens. Fourth, public policy may be either positive or negative in form. Positively, it may involve some form of government action to affect a particular problem; negatively, it involves a decision by government officials not to take action, to do nothing, on some matter on which governmental

When it is viewed as a *dependent variable,* our attention is placed on the political and environmental factors that help determine the content of policy. For example, how is policy affected by the distribution of power among pressure groups and governmental agencies? How do urbanization and national income help shape the content of policy? If public policy is viewed as an *independent variable,* our focus shifts to the impact of policy on the political system and environment. How does policy affect support for the political system or future policy choices? What effect does policy have on social well-being?

Professional Reasons. Don K. Price makes a distinction between the "Scientific estate," which seeks only to discover knowledge, and the "professional estate," which strives to apply scientific knowledge to the solution of practical social problems.[10] We will not concern ourselves here with the issue of whether political scientists should help prescribe the goals of public policy. Although by no means all political scientists would agree, many argue that political scientists as political scientists have no particular skills beyond those of laymen for this endeavor. Whatever the answer here may be, it is quite correct to contend that if we know something about the factors that help shape public policy, or the consequences of given policies, then we are in position to say something useful concerning how individuals, groups, or governments can act to attain their policy goals. Such advice can be directed toward indicating either what policies can be used to achieve particular goals or what political and environmental factors are conducive to the development of a given policy. It puts us in the position of saying, for example, *if* you want to prevent economic monopoly, *then* you should do such and such. Questions of this sort are factual in nature and are open to, indeed require, scientific study. Certainly factual knowledge is a prerequisite for prescribing on, and dealing with, the problems of society.

Political Reasons. As was noted above, at least some political scientists do not believe that political scientists should refrain from helping to prescribe policy goals. Rather, they say that the study of public policy should be directed toward ensuring that governments adopt appropriate policies to attain the "right" goals. They reject the notion that policy analysts should strive to be value-free, contending that political science cannot be silent or impotent on current political and social problems. They want to improve the quality of public policy in ways they deem desirable, notwithstanding that substantial disagreement exists in society over what constitute "correct" policies or the "right" goals of policy. The efforts of these political scientists usually generate both heat and light in some proportion.

We should now explicitly distinguish between *policy analysis* and *policy advocacy.* Policy analysis is concerned with the examination and description of the causes and consequences of public policy. We can analyze the formation, content, and impact of particular policies, such as on civil rights or international trade, without either approving or disapproving of them. *Policy advocacy,* on the other hand, is concerned especially with what governments *should* do, with the promotion of particular policies through discussion, persuasion, and political activism. The candidate for public office serves as a good prototype of the policy advocate. Richard Nixon and George McGovern as Presidential candidates in 1972 each had his notions of what the government should do in foreign and domestic policy. In this book the focus will be on policy analysis.

To conclude this discussion we shall again call on Professor Dye, who states that policy analysis encompasses three basic considerations:

> 1. A primary concern with explanation rather than prescription.
> 2. A rigorous search for the causes and consequences of public policies [through] the use of scientific standards of inference.
> 3. An effort to develop and test general propositions about the causes and consequences of public policy and to accumulate reliable research findings of general significance. The object is to develop general theories about public policy which are reliable and which apply to different governmental agencies and different policy areas.[11]

So conceived, policy analysis can be both scientific and "relevant" to current political and social problems. Analysts with normative orientations do not have a corner on relevance.

Theories of Decision Making

Political and social scientists have developed many models, theories, approaches, concepts, and schemes for the analysis of policymaking and its component, decision making. Indeed, political scientists have often shown much more facility and verve for theorizing about public policy than for actually studying policy. Nonetheless, concepts and models are necessary and useful to guide policy analysis, as they help clarify and direct our inquiry on policymaking, facilitate communication, and suggest possible explanations for policy actions. Clearly, when we set out to study policy we need some guidelines, some criteria of relevance, to focus our efforts and to prevent aimless meandering through the fields of political data. What we find depends partly upon what we are looking for; policy concepts and theories give direction to our inquiry.

In this and the subsequent section, we will examine a number of concepts and models for the study of public policy, without trying to determine which is "best." Before doing this we need to distinguish between decision making and policymaking, something that is not always done with clarity, if at all, by students of public policy. Decision making involves the choice of an alternative from among a series of competing alternatives. Theories of decision making are concerned with how such choices are made. A policy, to recall our earlier definition, is "a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern." Policymaking typically involves a pattern of action, extending over time and involving many decisions, some routine and some not so routine. Rarely will a policy be synonymous with a single decision. To use a mundane example: A person is not accurate in saying it is his policy to bathe on Saturday night when, in fact, he bathes only with great infrequency, however elegant the decision-making process that results in his doing so on a particular Saturday. It is the course of action that defines policy, not the isolated event, and in this example the policy involved is essentially one of not bathing.

Three theories of decision making that focus on the steps or activities involved in making a decision will be discussed here. To the extent that they describe how decisions are made by individuals and groups, they are empirical. Viewed as statements of how decisions should be made, they are normative. It is not always easy to separate these two qualities in decision theories, as one will discover.

The Rational-Comprehensive Theory

Perhaps the best-known theory of decision making, and also perhaps the most widely accepted, is the rational-comprehensive theory. It usually includes the following elements:

1. The decision maker is confronted with a given problem that can be separated from other problems or at least considered meaningfully in comparison with them.
2. The goals, values, or objectives that guide the decision maker are clarified and ranked according to their importance.
3. The various alternatives for dealing with the problem are examined.
4. The consequences (costs and benefits) that would follow from the selection of each alternative are investigated.
5. Each alternative, and its attendant consequences, can be compared with the other alternatives.
6. The decision maker will choose that alternative, and its consequences, that maximizes the attainment of his goals, values, or objectives.

When it is viewed as a *dependent variable,* our attention is placed on the political and environmental factors that help determine the content of policy. For example, how is policy affected by the distribution of power among pressure groups and governmental agencies? How do urbanization and national income help shape the content of policy? If public policy is viewed as an *independent variable,* our focus shifts to the impact of policy on the political system and environment. How does policy affect support for the political system or future policy choices? What effect does policy have on social well-being?

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5. Each alternative, and its attendant consequences, can be compared with the other alternatives.
6. The decision maker will choose that alternative, and its consequences, that maximizes the attainment of his goals, values, or objectives.

The result of this process is a rational decision, that is, one that most effectively achieves a given end.

The rational-comprehensive theory has had substantial criticism directed at it. Charles Lindblom contends that decision makers are not faced with concrete, clearly defined problems. Rather, they have first of all to identify and formulate the problems on which they make decisions. For example, when prices are rising rapidly and people are saying "we must do something about the problem of inflation," what is the problem? Excessive demand? Inadequate production of goods and services? Administered prices by powerful corporations and unions? Inflationary psychology? Some combination of these? One does not, willy-nilly, attack inflation but the causes of inflation, and these may be difficult to determine. Defining the problem is, in short, often a major problem for the decision maker.

A second criticism holds that rational-comprehensive theory is unrealistic in the demands it makes on the decision maker. It assumes that he will have enough information on the alternatives for dealing with a problem, that he will be able to predict their consequences with some accuracy, and that he will be capable of making correct cost-benefit comparisons of the alternatives. A moment's reflection on the informational and intellectual resources needed for acting rationally on the problem of inflation posed above should indicate the barriers to rational action implied in these assumptions—lack of time, difficulty in collecting information and predicting the future, complexity of calculations. Even use of that modern miracle, the computer, cannot fully alleviate these problems.

The value aspect of the rational theory also receives some knocks. Thus it is said that the public decision maker is usually confronted with a situation in which value conflict rather than agreement exists, and the conflicting values do not permit comparison or weighing. Moreover, the decision maker might confuse his personal values with those of the public. And, finally, the rationalistic assumption that facts and values can be readily separated does not hold up in practice. Note how facts and values become intermingled in the following situation:

> Public controversy . . . has surrounded the proposal to construct a branch of the Cook County Hospital on the South Side in or near the Negro area. Several questions of policy are involved in the matter but the ones which have caused one of the few public debates of an issue in the Negro community concern whether, or to what extent, building such a branch would result in an all-Negro or "Jim Crow" hospital and whether such a hospital is desirable as a means of providing added medical facilities for Negro patients. Involved are both an issue of *fact* (whether the hospital would be segregated, intentionally or unintentionally, as a result of the character of the neighborhood in which it would be located) and an issue of *value* (whether even an all-Negro hospital would be preferable to no hospital at all in the area). In reality, however, the factions have aligned themselves in such a manner that the fact issue and the value issue have been collapsed into the single issue of whether to build or not to build. Those in favor of the proposal will argue that the facts do not bear out the charge of "Jim Crowism"—"the proposed site . . . is not considered to be placed in a segregated area for the exclusive use of one racial or minority group"; or "no responsible officials would try to develop a new hospital to further segregation"; or "establishing a branch hospital for the . . . more adequate care of the indigent patient load . . . does not represent Jim Crowism." At the same time these proponents argue that, whatever the facts, the factual issue is secondary to the overriding consideration that "there is a here-and-now need for more hospital beds. . . . Integration may be the long-run goal, but in the short-run we need more facilities."[12]

Finally, there is the problem of "sunk costs." Previous decisions and commitments, investments in existing policies and programs, may foreclose many alternatives from consideration on either a short-run or a long-run basis. A decision to institute a system of socialized medicine represents a commitment to a particular mode of medical care that is not easily reversed or significantly altered in the future. An airport, once constructed, cannot be easily moved to the other side of town.

The Incremental Theory

The incremental theory of decision making, or, more simply, incrementalism, is presented as a decision theory that avoids many of the problems of the rational-comprehensive theory and, at the same time, is more descriptive of the way in which public officials actually make decisions.[13] Incrementalism can be summarized in the following manner:

1. The selection of goals or objectives and the empirical analysis of the action needed to attain them are closely intertwined with, rather than distinct from, one another.
2. The decision maker considers only some of the alternatives for dealing with a problem, and these will differ only incrementally (i.e., marginally) from existing policies.
3. For each alternative only a limited number of "important" consequences are evaluated.
4. The problem confronting the decision maker is continually redefined. Incrementalism allows for countless ends-means and means-ends adjustments that have the effect of making the problem more manageable.
5. There is no single decision or "right" solution for a problem. The test of a good decision is that various analysts find themselves directly agreeing on it, without agreeing that the decision is the most appropriate means to an agreed objective.
6. Incremental decision making is essentially remedial and is geared more to the amelioration of present, concrete social imperfections than to the promotion of future social goals.[14]

Lindblom contends that incrementalism represents the typical decision-making process in pluralist societies such as the United States. Decisions and policies are the product of "give and take" and mutual consent among numerous participants ("partisans") in the decision process. Incrementalism is politically expedient because it is easier to reach agreement when the matters in dispute among various groups are only modifications of existing programs rather than policy issues of great magnitude or an "all or nothing" character. Since decision makers operate under conditions of uncertainty with regard to the future consequences of their actions, incremental decisions reduce the risks and costs of uncertainty. Incrementalism is also realistic because it recognizes that decision makers lack the time, intelligence, and other resources needed to engage in comprehensive analysis of all alternative solutions to existing problems. Moreover, people are essentially pragmatic, seeking not always the single best way to deal with a problem but, more modestly, "something that will work." Incrementalism, in short, yields limited, practicable, acceptable decisions.

Mixed-Scanning

Sociologist Amatai Etzioni agrees with the criticism of the rational theory but also suggests there are some shortcomings in the incremental theory of decision making.[15] For instance, decisions made by incrementalists would reflect the interests of the most powerful and organized interests in society, while the interests of the underprivileged and politically unorganized would be neglected. Moreover, by focusing on the short-run and seeking only limited variations in current policies, incrementalism would neglect basic social innovation. Great or fundamental decisions, such as declaration of war, do not come within the ambit of incrementalism. Although limited in number, fundamental decisions are highly significant and often provide the context for numerous incremental decisions.

Etzioni presents mixed-scanning as an approach to decision making, which takes into account both fundamental and incremental decisions and provides for "high-order, fundamental policy-making processes which set basic directions and . . . incremental processes which prepare for fundamental decisions and work them out after they have been reached." He provides the following illustration of mixed-scanning:

> Assume we are about to set up a worldwide weather observation system using weather satellites. The rationalistic approach would seek an exhaustive survey of weather conditions by using cameras capable of detailed observations and by scheduling reviews of the entire sky is often as possible. This would yield an avalanche of details, costly to analyze and likely to overwhelm our action capacities (e.g., "seeding" cloud formations that could develop into hurricanes or bring rain to arid areas). Incrementalism would focus on those areas in which similar patterns developed in the recent past and, perhaps, on a few nearby regions; it would thus ignore all formations which might deserve attention if they arose in unexpected areas.
>
> A mixed scanning strategy would include elements of both approaches by employing two cameras: a broad-angle camera that would cover all parts of the sky but not in great detail, and a second one which would zero in on those areas revealed by the first camera to require a more in-depth examination. While mixed-scanning might miss areas in which only a detailed camera could reveal trouble, it is less likely than incrementalism to miss obvious trouble spots in unfamiliar areas.[16]

Mixed-scanning permits decision makers to utilize both the rational-comprehensive and incremental theories in different situations. In some instances, incrementalism will be adequate; in others, a more thorough approach along rational-comprehensive lines will be needed. Mixed-scanning also takes into account differing capacities of decision makers. Generally speaking, the greater the capacity of decision makers to mobilize power to implement their decisions, the more scanning they can realistically engage in; and the more encompassing is scanning, the more effective is decision making.

Mixed-scanning is thus a kind of "compromise" approach that combines use of incrementalism and rationalism. It is not really clear from Etzioni's discussion, however, just how it would operate in practice. This is something on which the reader can ponder and speculate. Certainly, though, Etzioni does help alert us to the significant facts that decisions vary in their magnitude (e.g., scope, impact) and that different decision processes may be appropriate as the nature of decisions varies.

A Note on Decision Criteria

Whether the decision process they select is rational-comprehensive, incremental, or mixed-scanning in nature, those who make choices among alternatives must have some basis for doing so. While some "decisions" may be the product of chance, inadvertence, random selection, or inaction that permits particular actions to prevail, most decisions will involve conscious choice. The question then becomes: What kinds of criteria (values or standards) influence the actions of decision makers? Of course, many factors appear to impinge upon political decision makers—political and social pressures, economic conditions, procedural requirements (e.g., due process), previous commitments, the pressure of time, and so on. In our concern with these, however, we should be careful not to neglect the values of the decision maker himself, notwithstanding that they may be difficult to determine and impossible to isolate in many instances.

Most of the values that may serve to guide the behavior of decision makers may be summarized in four categories.

Political Values. The decision maker may evaluate policy alternatives in terms of their import for his political party or the clientele groups of his agency. Decisions are made on the basis of political advantage, with policies being viewed as means for the advancement or achievement of political party or interest group goals. Political scientists have often studied and evaluated policymaking from this perspective. Particular decisions will be "explained" as being made for the benefit, say, of organized labor, wheat farmers, or a given political party. The decision of the Eisenhower Administration to raise farm-price supports just prior to the 1956 Presidential election did appear to have a partisan hue. So did the enthusiasm of many congressional Democrats for campaign finance reform, including expenditure limits, prior to the 1972 election campaigns.

Organization Values. Decision makers, especially bureaucrats, may also be influenced by organizational values. Organizations, such as administrative agencies, utilize many rewards and sanctions in an effort to induce their members to accept, and act on the basis of, organizationally determined values. To the extent this occurs, the individual's decisions may be guided by such considerations as the desire to see his organization survive, to enhance or expand its programs and activities, or to maintain its power and prerogatives. Many bureaucratic struggles between rival agencies, such as the Army Corps of Engineers and the Bureau of Reclamation in the water-resource policy area, stem from their desire to protect or expand their programs and activities.

Personal Values. The urge to protect or promote one's physical or financial well-being, reputation, or historical position may also serve as a decision criterion. The politician who accepts a bribe to make a particular decision, such as the award of a license or contract, obviously has personal benefit in mind. On a different plane, the President who says he is not going to be "the first President to lose a war," and who acts accordingly, is also being influenced by personal considerations, such as concern for his "place in history."

Policy Values. Neither the discussion to this point nor cynicism should lead us to conclude that political decision makers are influenced only by considerations of political, organizational, or personal benefit. Decision makers may well act on the basis of their perceptions of the public interest or beliefs concerning what is proper or morally correct public policy. A legislator who votes in favor of civil rights legislation may well do so because he believes it is morally correct and that equality is a desirable goal of public policy, notwithstanding that his vote may cause him some political risk. Studies of the Supreme Court indicate that the justices are influenced by policy values in deciding Cases.[17]

Ideological Values. Ideologies are sets of logically related values and beliefs which present simplified pictures of the world and serve as guides to action for people. In the Soviet Union, Marxist-Leninist ideology has served at least in part as a set of prescriptions for social and economic change. Although the Soviets have sometimes departed from Marxist-Leninist ideology, as in the use of economic incentives to increase production, it still serves as a means for rationalizing and legitimizing policy actions by the regime. In many of the developing countries in Asia, Africa, and the Middle East, nationalism—the desire of a people or nation for autonomy and deep concern with their own characteristics, needs and problems—has been an important factor shaping both foreign and domestic policies. Nationalism has become particularly important in world politics in the twentieth century, because it fueled the desire of colonial peoples for independence and created and intensified conflicts among both old and new nations.

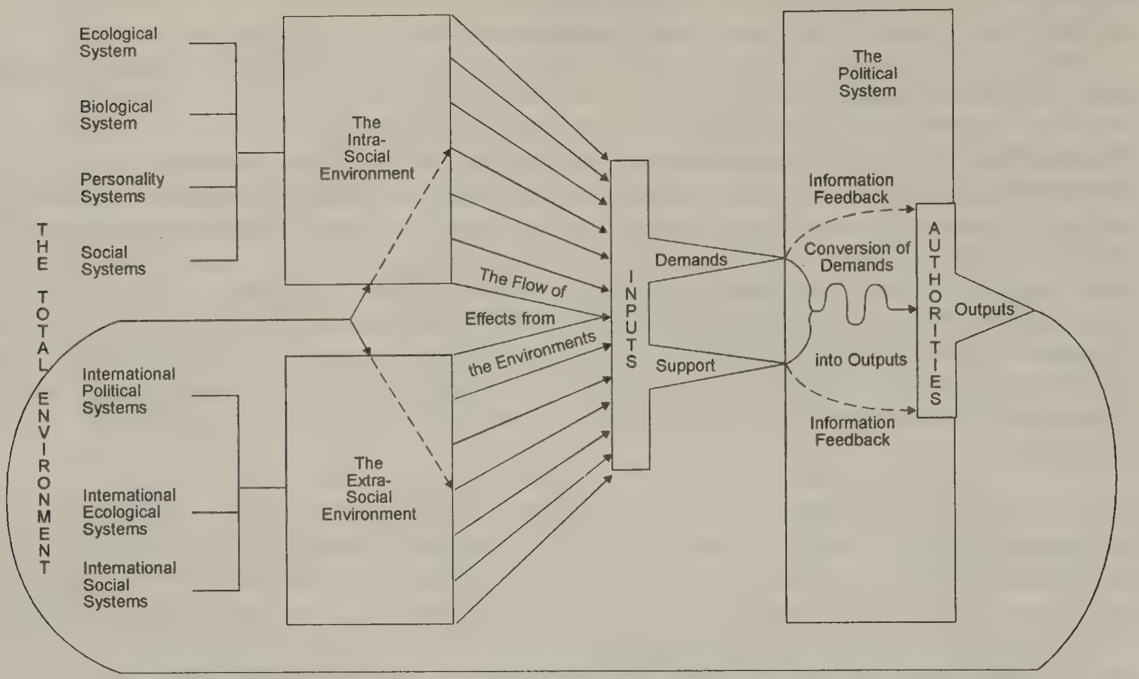

Ecological System
Biological System
Personality Systems
Social Systems
THE TOTAL ENVIRONMENT
International Political Systems
International Ecological Systems
International Social Systems
The Intra-Social Environment
The Extra-Social Environment
The Flow of Effects from the Environments
INPUTS
Demands
Support
The Political System
Information Feedback
Conversion of Demands into Outputs
Information Feedback
AUTHORITIES
Outputs

FIGURE 1. Easton's "Dynamic Response" Model of a Political System. From *A Framework for Political Analysis* (Englewood Cliffs, N.J.: Prentice-Hall, 1965), p. 110.

Some Approaches to Policy Analysis

Just as political scientists have created theories and models to help them understand and explain the decision making process, so have they also developed a variety of theoretical approaches to assist them in the study of the political behavior of entire political systems. Although most of these approaches have not been developed specifically for the analysis of policy formation, they can readily be converted to that purpose. The theoretical approaches that will come under brief examination here include systems theory, group theory, elite theory, functional process theory, and institutionalism. Such theoretical approaches are useful in, and to the extent, that they direct our attention to important political phenomena help clarify and simplify our thinking, and suggest possible explanations for political activity or, in our particular case, public policy.

Political Systems Theory

Public policy may be viewed as the response of a political system to demands arising from its environment. The *political system,* as defined by Easton, is composed of those identifiable and interrelated institutions and activities in a society that make authoritative decisions (or allocations of values) that are binding on society.[18] *Inputs* into the political system from the environment consist of demands and supports. The *environment* consists of all those conditions and events external to the boundaries of the political system. *Demands* are the claims made by individuals and groups on the political system for action to satisfy their interests. *Support* is rendered when groups and individuals abide by election results, pay taxes, obey laws, and otherwise accept the decisions and actions of the authoritative political system made in response to demands. These authoritative allocations of values constitute public policy. The concept of *feedback* indicates that public policies (or outputs) may subsequently alter the environment and the demands generated therein, as well as the character of the political system itself. Policy outputs may produce new demands, which lead to further policy outputs, and so on in a continuing, never ending flow of public policy.

The usefulness of systems theory for the study of public policy is limited by its highly general nature. It does not, moreover, say much concerning how decisions are made and policy is developed within the "black box" called the political system. Nonetheless, systems theory is a useful aid in organizing our inquiry into policy formation. It also alerts us to some significant aspects of the political process, such as: How do environmental inputs affect the content of public policy and the nature of the political system? How does public policy affect the environment and subsequent demands for action? What forces or factors in the environment act to generate demands upon the political system? How is the political system able to convert demands into public policy and preserve itself over time?

Group Theory

According to the group theory of politics, public policy is the product of the group struggle. As one writer states: "What may be called public policy is the equilibrium reached in this [group] struggle at any given moment, and it represents a balance which the contending factions or groups constantly strive to weight in their favor."[19]

Group theory rests on the contention that interaction and struggle among groups is the central fact of political life. A group is a collection of individuals that may, on the basis of shared attitudes or interests, make claims upon other groups in society. It becomes a political interest group "when it makes a claim through or upon any of the institutions of government."[20] And, of course, many groups do just that. The individual is significant in politics only as he is a participant in, or a representative of, groups. It is through groups that individuals seek to secure their political preferences.

Public policy, at any given time, will reflect the interests of dominant groups. As groups gain and lose power and influence, public policy will be altered in favor of the interests of those gaining influence against the interests of those losing influence.

The role of government ("official groups") in policy formation has been described in the following manner by one proponent of group theory:

> The legislature referees the group struggle, ratifies the victories of the successful coalitions, and records the terms of the surrenders, compromises, and conquests in the form of statutes. Every statute tends to represent compromises because the process of accommodating conflicts of group interests is one of deliberation and consent. The legislative vote on any issue tends to represent the composition of strength, i.e., the balance of power, among the contending groups at the moment of voting. . . . Administrative agencies of the regulatory kind are established to carry out the terms of the treaties that the legislators have negotiated and ratified. . . . The judiciary, like the civilian bureaucracy, is one of the instrumentalities for the administration of the agreed rules.[21]

Group theory, while focusing attention on one of the major dynamic elements in policy formation, especially in pluralist societies such as the United States, seems both to overstate the importance of groups and to understate the independent and creative role that public officials play in the policy process. Indeed, many groups have been generated by public policy. The American Farm Bureau Federation, which developed around the agricultural extension program, is a notable example, as is the National Welfare Rights Organization. Public officials also may acquire a stake in particular programs and act as an interest group in support of their continuance.

In the United States some welfare agency employees, including social workers, prefer current programs, with their emphasis on supervision and services (as well as benefits), to a guaranteed annual income, which would probably eliminate some of their jobs. In the Soviet Union, the bureaucracy has even been depicted as a "new class" that benefits from and supports the current system of state planning and controls.

Finally, we should note that it is rather misleading and inefficient to try to explain politics or policy formation in terms of group struggle without giving attention to the many other factors—for example, ideas and institutions that abound. This sort of reductionism, or unicausal explanation, should be avoided.

Elite Theory

Approached from the perspective of elite theory, public policy can be regarded as the values and preferences of a governing elite. The essential argument of elite theory is that it is not the people or the "masses" who determine public policy through their demands and action; rather, public policy is decided by a ruling elite and carried into effect by public officials and agencies.

Thomas Dye and Harmon Zeigler, in *The Irony of Democracy* provide a summary of elite theory:

1. Society is divided into the few who have power and the many who do not. Only a small number of persons allocate values for society; the masses do not decide public policy.
2. The few who govern are not typical of the masses who are governed. Elites are drawn disproportionately from the upper socioeconomic strata of society.
3. The movement of non-elites to elite positions must be slow and continuous to maintain stability and avoid revolution. Only non-elites who have accepted the basic elite consensus can be admitted to governing circles.
4. Elites share a consensus on the basic values of the social system and the preservation of the system. [In the United States, the elite consensus includes private enterprise, private property, limited government, and individual liberty.]
5. Public policy does not reflect demands of the masses but rather the prevailing values of the elite. Changes in public policy will be incremental rather than revolutionary. [Incremental changes permit responses to events that threaten a social system with a minimum of alteration or dislocation of the system.]
6. Active elites are subject to relatively little direct influence from apathetic masses. Elites influence masses more than masses influence elites.[22]

So stated elite theory is a rather provocative theory of policy formation. Policy is the product of elites, reflecting their values and serving their ends, one of which may be a desire to provide for the welfare of the masses. Thomas Dye has argued that development of civil rights policies in the United States during the 1960s can be suitably explained through the use of elite theory. These policies were "a response of a national elite to conditions affecting a small minority of Americans rather than a response of national leaders to majority sentiments." Thus, for example, the "elimination of legal discrimination and the guarantee of equality of opportunity in the Civil Rights Act of 1964 was achieved largely through the dramatic appeals of middle-class black leaders to the conscience of white elites."[23]

Elite theory does focus our attention on the role of leadership in policy formation and on the fact that, in any political system, a few govern the many. Whether the elites rule, and determine policy, with little influence by the masses is a difficult proposition to handle. It cannot be proved merely by assertions that the "establishment runs things," which has been a familiar plaint in recent years. Political scientist Robert Dahl argues that to defend the proposition successfully one must identify "a controlling group, less than a majority in size, that is not a pure artifact of democratic rules . . . a minority of individuals whose preferences regularly prevail in cases of differences of preferences on key political issues."[24] It may be that elite theory has more utility for the analysis and explanation of policy formation in some political systems, such as developing or Communist-bloc countries, than in others, such as the pluralist democracies of the United States and Canada.

Functional Process Theory

Another way to approach the study of policy formation is to focus on the various functional activities that occur in the policy process. Harold Lasswell has presented a scheme involving seven categories of functional analysis that will serve as the basis for discussion here.[25]

1. *Intelligence:* How is the information on policy matters that comes to the attention of policymakers gathered and processed?
2. *Recommendation:* How are recommendations (or alternatives) for dealing with a given issue made and promoted?
3. *Prescription:* How are general rules adopted or enacted, and by whom?
4. *Invocation:* Who determines whether given behavior contravenes rules or laws and demands application of rules or laws thereto?
5. *Application:* How are laws or rules actually applied or enforced?
6. *Appraisal:* How is the operation of policies, their success or failure, appraised?
7. *Termination:* How are the original rules or laws terminated or continued in modified or changed form?

Although Lasswell refers to this as the "decision process," it goes beyond the making of a particular choice and really involves "the course of action on some matter" definition of policy that was presented earlier in the chapter. In the later stages of the process, policymakers may seek and utilize new information in order to change the original policy process.

This scheme of analysis is not tied to particular institutions or political arrangements and lends itself readily to comparative analysis of policy formation. One can inquire how these different functions are performed, to what effect, and by whom in different political systems or government units, for that matter. Its emphasis on functional categories, however, may lead to neglect of the politics of policy formation and the effect of environmental variables on the process. Obviously, policy formation is more than an intellectual process.

Institutionalism

The study of government institutions is one of the oldest concerns of political science. Political life generally revolves around governmental institutions such as legislatures, executives, courts, and political parties; public policy, moreover, is initially authoritatively determined and implemented by governmental institutions. It is not surprising, then, that political scientists would devote much attention to them.

Traditionally, the institutional approach concentrated on describing the more formal and legal aspects of governmental institutions—their formal organization, legal powers, procedural rules, and functions or activities. Formal relationships with other institutions might also be considered. Usually little was done to explain how institutions actually operated, as apart from how they were supposed to operate, to analyze public policies produced by institutions, or to try to discover the relationships between institutional structure and public politics.

Subsequently, we should note, political scientists turned their attention in teaching and research to the political processes within governmental or political institutions, concentrating on the behavior of participants in the process and on political realities rather than formalism. To use the legislature as an example, concern shifted from simply describing the legislature as an institution to analyzing and explaining its operation over time, from its static to its dynamic aspects. In the curriculum the course on the "legislature" often became one on the "legislative process."

Institutionalism, with its emphasis on the formal or structural aspects of institutions, can nonetheless be usefully employed in policy analysis. An institution is a set of regularized patterns of human behavior that persist over time. (Some people, unsophisticated of course, seem to equate institutions with the physical structures in which they exist.) It is their differing sets of behavior patterns that really distinguish courts from legislatures, from administrative agencies, and so on. These regularized patterns of behavior, which we often call rules, structures, and the like, can affect decision making and the content of public policy. Rules and structural arrangements are usually not neutral in their impact; rather, they tend to favor some interests in society over others, some policy results rather than others. For example, it is contended that some of the rules (and traditions, which often have the effect of rules) of the Senate, such as those relating to unlimited debate and action by unanimous consent, favor the interests of minorities over majorities. In a federal system, which disperses power among different levels of government, some groups may have more influence if policy is made at the national level, other groups may benefit more if policy is made at the state or provincial level. Civil rights groups in the United States during the 1960s received a better response in Washington, D.C., than they did in Montgomery, Alabama, or Columbia, South Carolina, for example.

In summary, institutional structures, arrangements, and procedures can have a significant impact on public policy and should not be ignored in policy analysis. Neither should analysis of them, without concern for the dynamic aspects of politics, be considered adequate.

Although individual political scientists often manifest a preference for one or another of these or other theoretical approaches, it is not really possible to say which is the "best" or most satisfactory. Each focuses attention on different aspects of politics and policymaking and seems more useful for some purposes or some situations than others. Generally, one should not permit oneself to be bound too rigidly or dogmatically to a particular model or theoretical approach. A good rule is to be eclectic and flexible and use those theories as organizing concepts that seem most useful for the satisfactory analysis and explanation of a particular public policy or political action. It is my belief that the explanation of political behavior, rather than the validation of a given theoretical approach, should be the main purpose of political inquiry and analysis. Each of the theoretical approaches discussed in this section can contribute to our understanding of policymaking.

The Plan of this Book

At this point it seems fair to give the reader some idea of what to expect in the remainder of the book. Our central concern will be with the policy process, which is a shorthand way of designating the various processes by which public policy is actually formed.[26] There is, it should be stressed, no one single process by which policy is made. Variations in the subject of policy will produce variations in the manner of policymaking. Foreign policy, taxation, railroad regulation, aid to private schools, professional licensing, and reform of local government are each characterized by distinguishable policy process. Furthermore, it makes a difference whether the primary institutional location of policymaking is the legislature, executive, judiciary, or administrative agencies. And certainly the process of forming, for instance, tax policy differs in the United States, the Soviet Union, and, say, Ethiopia.

All of this should not be taken to mean that each policymaking situation is unique and that it is impossible to develop generalizations on policy formation. Given the complexity and diversity in policy processes, it is not now possible to develop a "grand theory" of policy formation. But a useful start can be made toward what political scientists call "theory building" by seeking to generalize on such matters as who is involved in policy formation, on what kinds of issues, under what conditions, in what ways, and to what effect. Nor should we neglect the question of how policy problems develop. Such questions are really not as simple as they may first appear.

To provide a conceptual framework to guide our discussion, the policy process will be viewed as a sequential pattern of action involving a number of functional categories of activity that can be analytically distinguished, although in various instances this distinction may be difficult to make empirically. The categories will be presented briefly here.[27]

1. *Problem formation:* What is a policy problem? What makes it a public problem? How does it get on the agenda of government?
2. *Formulation:* How are alternatives for dealing with the problem developed? Who participates in policy formulation?
3. *Adoption:* How is a policy alternative adopted or enacted? What requirements must be met? Who adopts policy?
4. *Implementation:* What is done, if anything, to carry a policy into effect? What impact does this have on policy content?
5. *Evaluation:* How is the effectiveness or impact of a policy measured? Who evaluates policy? What are the consequences of policy evaluation? Are there demands for change or repeal?

Within this framework policy formation and implementation are perceived as political in that they involve conflict and struggle among individuals and groups having conflicting desires on issues of public policy. Policymaking is "political," it involves "politics," and there is no reason either to resist or to denigrate this conclusion, or to imitate those who dismiss policies they do not like with such phrases as "It's just a matter of politics."

This framework has a number of advantages. In actuality, policymaking often does chronologically follow the sequence of activities listed above. The sequential approach thus helps capture the flow of action in the policy process. Second, the sequential approach is open to change.[28] Additional steps can be introduced if experience indicates they are needed. Various forms of data collection and analysis—whether quantitative, legal, normative, or whatever—are compatible with it. Third, it yields a dynamic and developmental rather than cross-sectional or static view of the policy process. Moreover, it emphasizes the relationships among political phenomena rather than simply listing factors or developing classification schemes. Fourth, the sequential approach is not "culture-bound," and it can be readily utilized to study policymaking in foreign policymaking systems. Also, it lends itself to manageable comparisons, as of how problems get on the policy agenda in various countries or of the ways in which policies are adopted.

In presenting this framework for the analysis of policymaking, I will concentrate upon national domestic policies in the United States, though not to the total exclusion of foreign policy or other political systems. The discussion that follows is intended to provide the reader both with an understanding of the policy process and with some tools for his own analysis of policymaking.

Notes

1. Robert Eyestone, *The Threads of Public Policy: A Study in Policy Leadership* (Indianapolis: Hobbs-Merrill. 1971), p. 18.
2. Thomas R. Dye, *Understanding Public Policy* (Englewood Cliffs, N.J.: Prentice-Hall, 1972), p. 18.
3. Richard Rose (ed.), *Policymaking in Great Britain* (London: Macmillan, 1969), p. x.
4. Carl J. Friedrich, *Man and His Government* (New York: McGraw-Hill, 1963), p. 79.
5. David Easton, *A Systems Analysis of Political Life* (New York: Wiley, 1965), p. 212.

6. Alan K. McAdam, *Power and Politics in Labor Legislation* (New York: Columbia University Press, 1964).
7. Robert H. Salisbury, "The Analysis of Public Policy: A Search for Theories and Roles," in Austin Ranney (ed.), *Political Science and Public Policy* (Chicago: Markham, 1968), p. 159.
8. Dye, *op. cit.*, p. 3.
9. The following discussion is based on Austin Ranney, "The Study of Political Policy Content: A Framework for Choice," in Ranney (ed.), *Science and Public Policy* (Chicago: 1968), pp. 13–19.
10. Don K. Price, *The Scientific Estate* (Cambridge, Mass.: Harvard University Press, 1965), pp. 122–35.
11. Dye, *op. cit.*, italics in original have been deleted.
12. James O. Wilson, *Negro Politics* (New York: Free Press, 1960), p. 89, as quoted in Amitai Etzioni, "Mixed-Scanning: A 'Third' Approach to Decision Making," *Public Administration Review,* XXVII (December, 1967), pp. 385–92.
13. The leading proponent of incrementalism undoubtedly is Charles Lindblom. See his "The Science of 'Muddling Through,'" *Public Administration Review,* XIX (1959), pp. 79–88; *The Intelligence of Democracy* (New York, Macmillan, 1964); *The Policymaking Process* (Englewood Cliffs, N.J.: Prentice-Hall, 1968); and, with David Braybrooke, *The Strategy of Decision* (New York: Free Press, 1963).
14. This summary draws primarily on Lindblom's "The Science of 'Muddling Through,'" *op. cit.,* and *The Intelligence of Democracy,* op. cit., pp. 144–48.
15. Amitai Etzioni, "Mixed-Scanning: A 'Third' Approach to Decision Making," *Public Administration Review,* XXVII (December, 1967), pp. 385–92.
16. *Ibid.,* p. 389.
17. Glendon Schubert, *Judicial Policymaking* (Chicago., Foresman, 1965).
18. David Easton, "An Approach to the Analysis of Political Systems," *World Politics,* IX (April, 1957), pp. 383–400. Cf. Easton, *A Framework for Political Analysis* (Englewood Cliffs, N.Y.: Prentice-Hall, 1965) and *A Systems Analysis of Political Life* (New York: Wiley, 1965). Those wishing to explore systems theory in depth should consult these works.
19. Earl Latham, *The Group Basis of Politics* (New York: Octagon Books, 1965), p.36.
20. David Truman, *The Governmental Process* (New York: Knopf, 1951), p. 37.
21. Latham, *op. cit.,* pp. 35–36, 38–39.
22. Thomas R. Dye and L. Harmon Zeigler, *The Irony of Democracy* (Belmont, Calif: Wadsworth, 1970), p. 6. This book examines American politics from the perspective of elite theory.
23. Dye *op. cit.,* pp. 39, 66.
24. Robert A. Dahl, "Critique of the Ruling Elite Model," *American Political Science Review,* LII (June, 1958), p. 464.
25. Harold D. Lasswell, *The Decision Process* (College Park, Md.: Bureau of Governmental Research, University of Maryland, 1956).
26. Here it is useful to distinguish an *Institutional Process,* such as the legislative process, from the policy process. Cf. Charles O. Jones, *An Introduction to the Study of Public Policy* (Belmont, Calif: Wadsworth, 1970), pp. 4–5.
27. This framework obviously draws on Lasswell's scheme, discussed earlier in the chapter. It also benefits from Jones, *op. cit.*
28. See, generally, Richard Rose, "Concepts for Comparison," *Policy Studies Journal,* I (Spring, 1973), pp. 122–27.

The Higher Education Acts Contrasted, 1965–1986: Has Federal Policy Come of Age?

FRANCIS KEPPEL

It is often observed that the government of the United States has no unified policy with respect to higher education. Instead, a multiplicity of federal policies, managed by different departments or agencies under the supervision of committees of the Congress, influence higher education in diverse ways.

Congress, for example, designs tax laws in such a way as to be favorable to nonprofit educational institutions. The National Science Foundation and the Departments of Defense and Energy rely on the universities to carry out basic and applied research. The G.I. Bill used higher education, at least in part, as a way to reward veterans. Almost every agency of government, as it carries out its tasks, develops some relationship to higher education.

But no department of the federal government, including the Department of Education, has been given direct responsibility for institutions of higher learning. State governments are largely responsible for the public institutions that provide higher education for 80 percent of U.S. students; private institutions take much of the responsibility for the college education of the remaining 20 percent. Colleges and universities have been used by the federal government as instruments, not objects, of policy.

The Higher Education Act of 1965 has come closer to affecting all institutions of higher education than any federal legislation since the G.I. Bill in the years following World War II. Even the 1965 act, however, was designed not so much to strengthen institutions themselves as to further a social cause—providing equal opportunity—through higher education.

In the years between 1965 and 1986, the act has been amended and revised several times, most notably in 1972 and 1980. As I will try to show, ways of financing education and priorities for serving different kinds of populations and institutions have shifted. The House Committee on Education and Labor and the Senate Committee on Labor and Human Resources—the "authorizing committees"—have been responsible for recommending these revisions to the Congress, though not, of course, for appropriating the funds. Ordinarily, the executive branch develops the kind of program it wishes to introduce, submits it through a member of the Congress for consideration by a committee, testifies on the program's behalf, and tries to develop political support for it. If an authorizing bill is passed by Congress and approved by the President, the executive branch then seeks funds from the Appropriations Committees of the House and Senate. However, to the understandable confusion of observers from overseas (to say nothing of those within the United States) it is also possible for "authorizing" legislation to be passed by either or both houses of Congress *without* the initiative or approval of the administration. It is also possible for a program to be authorized and not funded.

All of these legislative possibilities became realities at one time or another as the Higher Education Act of 1965 and its amendments wended their way to 1986. This article will describe the development of this legislation in the course of its twenty-one-year history, and consider its implications. The political atmosphere of 1965 differed markedly from that of 1986, and I will try to-examine the progress of the act in light of this contrast.

In 1965 the Johnson administration and the Congress were working together in harness, as the executive branch, the House, and the Senate were all controlled by the Democratic party. At the time of the act's passage in the fall of 1965, the greatest costs of the Vietnam War—both human and financial—were still in the future. Few in the Congress foresaw the war's long duration and heavy toll, and lawmakers did not feel that they had to make a choice between guns and butter. In the 1980s, however, the Reagan administration imposed a difficult choice upon the Congress, a choice between expenditures for defense and expenditures for domestic needs, including education. Congress was faced with the uncomfortable options of raising taxes, cutting domestic programs, or living with an enormous federal budget deficit. In 1986 the Republican administration's Department of Education and the Democratic-controlled House Committee on Education and Labor were not working in harness—far from it.

Views from the Executive Branch

On November 8, 1965, President Lyndon B. Johnson signed the Higher Education Act of 1965 (Pub. L. No. 89-329) at his alma mater, Southwestern Texas State College, stating:

> This bill is only one of more than two dozen education measures enacted by the first session of the 89th Congress. And history will forever record that this session—the first session of the 89th Congress—did more for the wonderful cause of education in America than all the previous 176 regular sessions of Congress put together. . . .
>
> I consider the Higher Education Act—with its companion, the Elementary and Secondary Education Act of 1965, which we signed back in the spring of this year—to be the keystones of the great fabulous 89th Congress.[1]

Twenty-one years later, President Ronald Reagan signed the reauthorization of the Higher Education Amendments of 1986 (Pub. L. No. 99-498), stating:

> This Administration has always supported, and will continue to support, programs properly designed to help our neediest young people acquire higher education. . . .
>
> I do have serious concerns about S. 1965 [Pub. L. No. 99-498], however. The bill does little to meet the Administration's major objectives for higher education:
>
> —Restoring more appropriate and equitable student aid funding roles to states, schools, students, and their families;
>
> —Targeting assistance on truly needy students; and
>
> —Eliminating excessive subsidies to intermediary institutions such as banks, schools, and loan-guarantee agencies. . . .

> I am signing this bill because the basic Higher Education Act authorities provide aid to deserving students and support important programs. However, the Administration remains committed to improving the higher education programs and to reducing their costs to the American taxpayer. We will continue to propose necessary changes and cost savings.[2]

What accounts for the differences in the tone and substance of these statements? President Johnson was delighted with the passage of the Higher Education Act, and celebrated the action of the "great fabulous" 89th Congress. President Reagan, in contrast, sounded begrudging: the 99th Congress, in his view, had made errors that had cost the country too much. Can the differences be explained satisfactorily on the basis of the differing political and social philosophies of the two presidents? Or were there other significant factors—educational, demographic, and economic—that influenced their outlooks and the tenor of their statements?

Twenty-one years is considered a normal time span for the achievement of maturity in the individual; it may also be a useful measure to apply to the acts affecting higher education. But one must first determine whether the original act of 1965 has been so changed in the intervening years and in the process of reauthorization that President Reagan was reacting, in effect, to basically different legislation.

Perhaps no one can answer these questions definitively; certainly the author of this article, who was involved actively in 1965, and peripherally in 1986, in formulating the legislation, cannot be trusted to provide a detached judgment. But there are some undeniable facts to examine, and the reader will be asked to consider some speculations.

Comparison of the Acts of 1965 and 1986

The Higher Education Act of 1965 consisted of eight parts,[3] the first four of which are treated in this article (see Tables 1 and 2). The reason for this focus is that Titles I, III, and IV are the sections that deal most closely with issues of student financial aid, which is my interest here, and for which the act is now best known. The evolution of Title II through the years, as I will explain below, helps to show the shift in federal aid to higher education from an emphasis upon financing physical resources—such as books and buildings—to one of meeting expenses of individual students.

Title I of the 1965 act sought to create an adaptation, for community service in urban society, of the Land Grant University program idea, which was so successful in agricultural development in rural areas. In the early years, relatively little money was appropriated for this purpose under Title I. In the reauthorizations of 1976 and 1980, the Community Services section of Title I was substantially rewritten to try to respond to the needs of a burgeoning population of part-time students for continuing education.[4] But in the 1980s the Appropriations Committee declined to fund the title. In 1986 Title I clearly represented a radical change from the act of 1965; an effort had been made to adjust the act to the demand, frequently from older students, for part-time, often vocationally-oriented, education.[5] It is perhaps fair to report that neither the 1965 version of Title I nor its 1986 counterpart has yet had much effect on higher education institutions or students enrolled in them. Lack of appropriated funds is an obvious explanation, but a more fundamental reason is that the higher education community did not put as high a priority on these programs as it did on general student aid when it came to suggesting appropriations for Title I. Part-time students and community service have had to live without much federal support.

Title II in 1965 reflected the needs of colleges that were expanding rapidly to meet an onrush of students: the postwar "baby boom" was producing increased numbers of high school students, and a higher proportion of these were applying for college than in the past. Like the earlier Higher Education Facilities Act of 1963, which had addressed the need for constructing "classrooms, laboratories and libraries" with matching federal funds, this section of the act was intended particularly to help stock university libraries and train librarians. In 1986 Title II was revised to place more emphasis on colleges with weak and poorly funded libraries and on the development of automation and technologies.

Title III was designed for what were euphemistically described in 1965 as "developing institutions." The mid-1960s were a time of desegregation in higher education, with special attention being given to southern institutions. Few expected that sufficiently rapid action would be taken to expand significantly the number of places for blacks in either public or private white institutions in the South. This meant that the nation would have to continue for years to rely on the primarily black institutions to accommodate black college students. But these institutions were in desperate need of financing, of stronger faculty and programs, of higher academic standards, and of facilities of all sorts. As Figure 1 suggests, the need for these institutions continued: student enrollments in black colleges remained nearly constant throughout the 1970s and early 1980s, in spite of the gradually increasing availability of places for black students in mainstream institutions.

In 1965, the nation was not, unfortunately, accustomed to the use of direct language in discussing matters of race and ethnicity. The word "black" was not used. Nor had phrases such as "historically black colleges" or "traditionally black institutions" (TBI) come into use, and Title III was therefore drafted in terms that veiled the basic intent of supporting primarily black institutions. My memory is that the need for strengthening these institutions was emphasized by a subcommittee of the President's Scientific Advisory Committee on Science Education, led by Professor Jerrold Zacharias of the Massachusetts Institute of Technology and President Samuel Nabrit of Texas Southern University. They focused their attention on discovering ways to provide both financial and scholarly help for the weaker black colleges in the South through collaborative partnerships with stronger, largely northern, colleges and universities in the academic mainstream. From the early days of the Higher Education Act, however, interests for other kinds of institutions, particularly for community colleges and small church-related colleges, successfully lobbied for a definition of "developing institutions" that included their schools.[6] The reauthorized act of 1986 sought to control the growing allocation of funds to these institutions, and to assure that the primarily black institutions, so described, would be allocated a reasonable share of the funds.[7]

TABLE 1

Higher Education Act of 1965: Titles I–IV

Title I:	*Community Service and Continuing Education Programs*
Title II:	*College Library Assistance and Library Training and Research*
Part A:	College Library Resources
Part B:	Library Training and Research
Part C:	Strengthening College and Research Library Resources
Title III:	*Strengthening Developing Institutions*
Title IV.	*Student Assistance*
Part A:	Educational Opportunity Grants
Part B:	Federal, State, and Private Programs of Low-Interest Insured Loans to Students in Institutions of Higher Education
Part C:	College Work-Study Program Extension and Amendments
Part D:	Amendments to National Defense Education Act of 1958

Source: Adapted from Higher Education Act of 1965, Pub. L. No. 89-329, 1965. (Washington, D.C.: GPO, 1965), pp. 1–34. 89th Cong., 1st Sess. 8 Nov.

TABLE 2

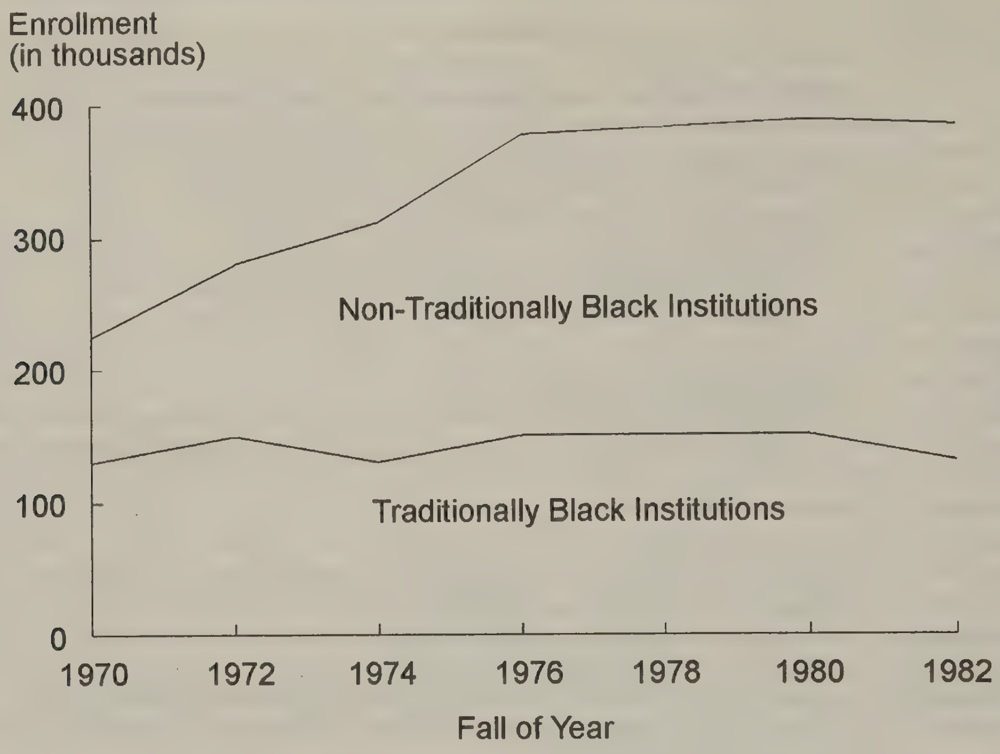
Higher Education Amendments of 1986: Titles I–IV

Title I:	*Postsecondary Programs for Nontraditional Students*
Part A:	Program and Planning Grants
Part B:	National Programs
Part C:	The National Advisory Council on Continuing Education
Title II:	*Libraries*
Title III:	*Institutional Aid*
Part A:	Strengthening Institutions
Part B:	Strengthening Historically Black Colleges and Universities
Part C:	Challenge Grants for Institutions Eligible for Assistance under Part A or Part B
Part D:	General Provisions
Title IV:	*Student Assistance*
Part A:	Grants to Students in Attendance at Institutions of Higher Education
Subpart 1:	Basic Educational Opportunity Grants
Subpart 2:	Supplemental Educational Opportunity Grants
Subpart 3:	Grants to States for State Student Incentives
Subpart 4:	Special Programs for Students from Disadvantaged Backgrounds
Subpart 5:	Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farmwork
Subpart 6:	Robert C. Byrd Honors Scholarship Program
Subpart 7:	Assistance to Institutions of Higher Education
Subpart 8:	Special Child Care Services for Disadvantaged College Students
Part B:	Guaranteed Student Loan Program
Part C:	Work-Study Programs
Part D:	Income Contingent Direct Loan Demonstration Project
Part E:	Direct Loans to Students in Institutions of Higher Education
Part F:	Need Analysis
Part G:	General Provisions Relating to Student Assistance Programs

Source: Adapted from *United States Code Congressional and Administrative News.* 99th Cong., 2nd Sess. Member and Committees. No. 10, Dec. 1986. (St. Paul, MN: West, 1986), pp. 1268–1273.

Titles II and III, therefore, though changed in some details, were still designed in 1986 to carry out the same purposes as in 1965, though in my own view Title III in the intervening years strayed from its original intent.

Title IV, written in 1965 to address the need for student financial aid, had become the blockbuster by 1986. It carried by far the largest authorizations and appropriations, though it had been supported with diminished enthusiasm by the executive branch in recent years. Title IV (then and now) included three main programs: one each to provide grants, loans, and work-study for college students. There had been state student loan programs and one federal program before (the National Defense Education Act of 1958, which provided funds for college-dispensed loans at low interest rates), and the idea of work-study was the Office of Economic Opportunity, a central component of President Johnson's Great Society program. In 1965 both the executive branch and the Congress—on better speaking terms in those days—were particularly concerned about the inability of the poor to finance college education and about the resulting loss of talent for the society as a whole. The Senate Committee report of September 1965, for example, declared:



Source: National Center for Education Statistics, U.S. Department of Education, *Historical Report,* March 1985, p. 5.

FIGURE 1. Black Full-Time Undergraduates Enrolled in TBIs and Non-TBIs in the TBI States: 1970 to 1982

> The pressing requirement for fresh, vigorous congressional action in the general field of student financial assistance cannot be emphasized too strongly. Information delineating the continuing upward spiral of the cost of education beyond the high school, the rapidly mounting size of high school graduating classes—beginning with the record-setting number of graduates in the June 1965 class—and the aggravated plight of students who do not have the means to acquire education, demonstrates in clear terms the extent and depth of the problem.
>
> Surrounding the question of how best to increase the supply of trained manpower—at all levels—is the continuing shortage of trained, educated persons in many areas. Despite the creation of new programs for the support of highly trained persons in a number of specialized areas, the booming technological development of our economy is creating present and future shortages of competent, well-trained professional and technical personnel. Such shortages constitute a serious threat to continued technical and scientific progress, to military strength, to every area of research and development, to education itself, and to the highly important health and welfare programs advanced by this Congress.[8]

Similarly, the House Committee report of July 1965 argued for student aid from the standpoint of developing talent for the good of the entire society:

> Figures produced from Project Talent, a recent study financed by the Office of Education, indicate all too clearly the appalling frequency with which a student is presently forced to forego the opportunity of postsecondary education because of inability to meet the costs. In terms of aptitude, among the top 50 percent of boys graduated, 37.9 percent of those from families with less than $3,000 annual income did not enroll in college. The situation for girls is even less equitable. Of the top 50 percent, 57.9 percent of those from families with an income of less than $3,000 did not enter college.[9]

In 1965, as these congressional reports indicate, major attention was therefore placed on providing college access for both the poor and the talented. The Johnson administration and the Congress, perhaps for different reasons, wanted to address the needs of both groups. In any case, Titles III and IV of the Higher Education Act of 1965 were considered by President Johnson, as well as by many others at the time, an integral part of the Great Society program of the mid-sixties. They were intended, along with the Economic Opportunity Act, the Elementary and Secondary Schools Act, and the Civil Rights Act of the same period, to eliminate poverty and discrimination throughout the land.

Conditions had changed, however, by the mid-1980s. Federally supported loans had been extended to the middle- and even upper-middle economic classes by the late 1970s. There were, I think, several reasons for this important change in emphasis. The cost of supporting a son or daughter in college had become increasingly expensive, even for middle-class families, and the possibility of using low-interest loans to spread the burden of expenses over a longer period of time was obviously attractive. In the preceding sentence, I wrote "a son or daughter"; indeed, many parents now wished to finance *both* sons and daughters. One demographic change of the twenty-one years under review has been the dramatic increase in the percentage of women college students, from some 37 percent in the early 1960s to 51 percent today.[10] Many middle-class parents evidently sought financial help in educating their daughters.

Parents and students alike were also affected by the contrast between the low interest rates of the Guaranteed Student Loans, and the high interest rates (nearly double those of the student loans) being charged in the market during the late 1970s and early 1980s. Nor were educators and members of Congress unaware of the value of having middle-class political support for legislation which also included programs for the education of poor children—for example through Pell grants and other means of financial aid. For whatever reasons, very large amounts of money were made available and were borrowed at rates which annually required the federal government to appropriate vastly increased funds in support of loan guarantees, defaults, and differences in interest rates. These increases were not a matter of choice by the Appropriations Committees: these were demands being made on the Treasury and dictated by laws already enacted. The budgetary process required that costs of loan eligibility be joined with annual appropriations for the Title IV program in calculating the total appropriation for student aid. It was inevitable that the uncontrollable cost of loans (because of their less predictable long-term cost to the government) would affect the controllable appropriations for grants or other aid.

At the same time, in the early eighties, the charges for tuition at both public and private institutions were rising rapidly, and were necessarily reflected in the overall cost of attendance, which was used as the basis for determining a student's financial need, the family contribution, and the amount of loan. It is therefore understandable that to some observers a program designed to provide equal opportunity for the poor seemed to be turning into a program that directly supported higher education institutions as well, for the loan program helped assure them a steady supply of students.

In 1986 the three major programs in Title IV—grants, loans, and work-study—were reauthorized.[11] But major changes in appropriations for the Higher Education Act had taken place since its enactment in 1965. As a House report of 1985 observed:

> Perhaps the most dramatic change in the Higher Education Act over the last twenty years has been the shift from an Act which primarily supported higher education through the purchase of things, such as buildings and books, to an Act which supports higher education primarily by investing in people through the student aid programs. The 1965 Act provided for total authorizations of almost $1.1 billion for its first year, fiscal year 1966. Of this total authorization, 68 percent of the funds were authorized for institutional aid programs and the remaining 32 percent for student aid. The largest single authorization in the 1965 Act was $460 million for grants to build undergraduate academic facilities.
>
> Under current law, the fiscal year 1986 authorization for the Higher Education Act is $11.9 billion. Of the funds currently authorized, 90 percent are for student aid programs, and only 10 percent for institutional aid programs. The watershed in this shift in priorities was the Education Amendments of 1972 which created the Pell Grant program.[12]

By the early 1980s the annual demand on the budget for loan subsidies contributed to what might be considered a federal fiscal hemorrhage. After an initial effort to cut all student support, the Reagan administration found itself trying to staunch the flow by tightening the maximum family income guidelines and, ironically (in light of some of its other domestic policies), trying to redirect the funds to the neediest students in a Johnsonian manner. But by that time the cost to the federal government of student financial aid had become a serious budgetary and policy issue, resulting in scare headlines about possible loss of student financial aid, increased delinquency in payment of loans, and increased debt burdens.[13]

The amounts channeled through the grant program, despite the scare headlines, had also increased by 1986. (By this time the program enjoyed the name of Senator Claiborne Pell of Rhode Island, who had been a supporter of basic grants from the beginning.) The rise in Pell funds, however, could not, or at least did not, keep up with the huge increase in appropriations to finance loans. Nor did Pell grants keep up with inflation. As a result, the size of the debt burden on students completing college had become a serious concern in 1986—which had not been the case in 1965. As nearly as I can recall, those of us who testified in favor of the Higher Education Act of 1965 did not expect the amounts disbursed as loans to increase so rapidly, or to take so large a part in each student's financial aid "package." We conceived of a package of grants, loans, and work-study, reasonably balanced so as to leave students and their families with a manageable debt at the end of higher education. (One member of Congress, I should report, did ask me whether I really favored "negative dowries" for female graduates.) By 1986, however, reports of frighteningly large debts, particularly for graduates of professional schools, were widespread. It was also reported that those in greatest need of financial aid, and perhaps the minorities in particular, did not feel they could risk taking on such a large debt burden, and, therefore, either did not go on to postsecondary education, or entered cheaper and shorter programs. In late 1986 the burden of loans on college students even resulted in a troubled report by the Joint Economic Committee of the Congress that gave "long overdue" attention to "the complex issue of whether heavy dependence on student loans is creating serious problems for individuals or the society in which they live."[14]

In 1965 various programs had relied on the states to carry out the overall intent of the act, as they also had been called upon to do for the Higher Education Facilities Act of 1963. But by 1986 colleges found themselves dealing more directly with the federal government itself. This was the result partly of efforts to rationalize administrative procedures and partly of increasing concern about the rate of loan defaults, a topic that received more attention from the executive branch and the press than it perhaps deserved. By 1986 the federal government had become the largest investor by far in what had earlier been described as a "partnership" for a national program of student aid. At the same time, the states and private sources contributed a far smaller proportion than they had in 1965, when the national commitment to assure poor students an opportunity for higher education had made the federal government a new and junior partner. The "partnership" itself had to undergo radical, if unplanned, revision by 1986.

Title IV of the 1986 act, therefore, was a continuation of its 1965 predecessor; it was expanded to include the middle class, it relied far more heavily upon loans, it was far more expensive, and more federally driven—but it was a continuation nevertheless.

Three Pillars of United States Policy in Financial Aid

These adjustments in Title IV may have combined to revise, though not radically redirect, federal programs for student financial aid in 1986. They left untouched—indeed in 1986 they built upon—the three pillars of the national student aid policy of 1965: parental contribution, need-based aid, and student earnings.

Parental Contribution

Parents were expected—in effect required—to pay for as much of their children's postsecondary education as they could.[15] The extent of the so-called "family contribution"—in effect a tax on the income of most parents with children in college—was determined by a formula agreed upon by a consensus of the higher education community, the states, and the federal government. This consensus was reached by an informal process of consultation with representatives of state governments and institutions, financial aid officers, and other concerned groups—a method that might have astonished the framers of the U.S. Constitution.

The writers of the reauthorized act of 1986, well aware that "family contribution" was a basic factor in the support of all national higher education, wrote the formula into the new act and established advisory committees and commissions to regularize these unusual methods of what might be described as taxation by consensus. In so doing, Congress reinforced its support for the American methods of indirect financing of higher education, so different from those of the rest of the world.

The tenets of federal aid to higher education in the United States contrast sharply with those of most other nations. In most European countries, for example, national governments bear the costs both of the operations of the universities and of a large part of student expenses at institutions of higher education, to which students are admitted only after completion of secondary education at an academic standard set by the government. Family contributions and tuition charges are far less relevant issues in determining a European student's support from public funds. In the United States, basic support of public institutions is the responsibility of the states, not of the national government; tuition is charged at both private and public institutions; private institutions are supported publicly through an adjusted student aid formula that reflects the higher prices charged to students who choose to attend such institutions; and loans for education are made readily available and attractive to the borrower.

The United States higher education community in 1965 had found little difficulty in adjusting to far more federal support for student aid than had been known before. It was understandable, then, that in 1986 all sectors of the community were reluctant to agree on any formulation that would result in a reduction of their own share of funding. Adjustments in the aid formulae were a battleground between the competing interests of public and private institutions throughout the maturation of the act, especially during the reauthorization of 1980. The Congress, forced into controlling expenditures, was treated to shrill disagreements, especially between public and private college associations. But the "family contribution" remained unchanged as the basis for policy.

Need-Based Aid

Federal financial aid for students from the time of the 1965 act was to be provided on the basis of financial need, not academic merit. A needy student would be eligible after enrolling in an institution of his or her own choice. Both the student and the college, in theory, were to have free choice. Institutions were thereby encouraged to recruit students and to set tuition levels that the institutions thought suitable (or politically or economically feasible). Few other nations decide the issue of admission or financial aid on the basis of need: completion of standardized secondary education and demonstrated academic merit are the usual factors that determine student support. In the United States, federal student aid policy continued to rely on a competitive, free-trade model, which by 1986 included technical and proprietary schools as well as the traditional colleges and universities. Since systems in most other nations set qualitative standards that students must meet at the end of secondary schooling and provide full financing for higher education, direct comparison with the United States method is not easy to make. The financing strategies in the United States are certainly more confusing, and it is surely the case that some students end up at institutions that do not provide an education worthy of their talents. The U.S. system does provide, however, a "second chance" for higher education, which in many nations is simply not available, for those students who do not succeed in secondary school. And it would appear that the setting of national academic standards at the end of secondary education results in a higher proportion of children from middle- and upper-income families receiving higher education—even though the national government pays almost all their costs—because it is students from these families who tend to excel in the national examinations. The flexibility of the need-based U.S. system, then, provides a greater chance for educational and economic mobility at the cost of varied standards and considerable confusion.

Student Earnings

The idea of the student contribution is the third principle that has underpinned financial aid for education in the United States. Students have been expected to contribute to the costs of their education through their own summer, term-time, and later career earnings. The tradition of "working one's way through college" is still strong in America, as shown in the acts of both 1965 and 1986. Many college students work more total hours per week at their studies and their work-study jobs in libraries or offices than they will at any other time in their lives. Such a policy is unusual in other parts of the world. Students elsewhere, in theory if not in fact, are supposed to concentrate full time on their studies, while the government pays the cost. Educators and policymakers in the United States apparently think self-investment is a good thing, and a good many citizens seem to believe that students learn important values, if not formal knowledge, on the job as well as in the classroom. Twenty-one years seem to have sustained, if not reinforced, this policy.

The Washington Climate at the Time of Reauthorization

These changes, and these continuities, were part of the Washington atmosphere as hearings were held to prepare for the 1986 reauthorization of the Higher Education Act. It may be helpful at this point to refer to a report prepared by the author in late 1985 for a private coalition of educational organizations that had been established in 1981, with support from the Carnegie and Ford Foundations, to monitor the federal student financial aid program and to help improve its delivery systems. The coalition, as I described it in the following paragraphs, found itself in paradoxical situation:

> Established to monitor the system of delivering student financial aid for the poor, the Coalition found itself entangled in the effects of the 1978 federal loan program to help the middle class meet rising college costs—a program which absorbed federal appropriations like a sponge. . . .
>
> Established to help maintain a partnership between federal, state, institutional, and private sources of student aid, the Coalition had to spend time trying to remind the Washington establishments that there was life beyond the Potomac.
>
> Even though the Administration's policy apparently was to transfer many federal decisions to the states and the private sector, the Administration's actions seemed insensitive to the reasoning of the *Federalist Papers*.
>
> Established at least in part from a concern that the poor must find access to higher education, the Coalition soon discovered that many institutions were becoming more concerned with maintaining enrollments by attracting as many students as they could, young or old, poor or well-to-do. Student financial aid became interpreted by some as aid to institutions of higher education.
>
> Established at a time that inflation had outrun college charges, increases in college charges soon outran inflation, thereby raising doubts about the wisdom of a federal policy that tied appropriations to prices set by the colleges themselves. In New England, for example, between 1978 and 1985, inflation was reported to rise 69 percent while costs [for example, charges] at public institutions rose 113 percent and private, 120 percent.
>
> Established in the context of an Act of 1965 designed to provide equality in access to higher education to the poor and minorities, the Coalition found that progress toward that goal had either levelled or even begun to reverse. This development did not seem to be of the comparable concern in 1985 that it was in 1965.[16]

The economic, educational, and political atmosphere in which the Congress considered amendments to the Higher Education Act in 1986 had changed markedly since 1965. Defense Department expenditures had risen substantially in recent years. Both Presidents Carter and Reagan had, in effect, campaigned successfully on platforms opposed to "big" federal government, and it was no longer fashionable to turn to the federal government for solutions to domestic problems; in 1986 this was not even suggested. The President and the Congress in 1986 were seeking to blame each other for the mounting deficit, which was not an issue in 1965. Arthur M. Schlesinger, Jr., writing in 1986, noted with somewhat grudging admiration the effectiveness of President Reagan's application of the Reagan political economics: "Reagan's policy had been to combat inflation by recession (1981–1983) and then to combat recession in classic Keynesian style by running the largest peacetime budgetary deficit in American history. The deficit, as intended, denies government easy resort to social spending."[17]

Congressional committees dealing with higher education, along with the higher education community itself, were caught in the administration's policy triage. They had to choose, for example, between reducing defense expenditures ("endangering the national security") and raising taxes (an unappetizing choice in an election year). They could reduce social spending, or take the blame for a federal deficit of unprecedented proportions. The congressional committees on education, in addition, had direct influence only on the third option, social spending. It was not an attractive set of options. In the end, one result of the ingenious, if perilous, policy of the Reagan administration was to force the education committees in the House and Senate to cut back on existing programs and to eliminate entirely some important new ideas and proposals that involved major expenditures. The principal effect was to limit sharply the growth of Pell grants, thereby discouraging the poor, and especially minorities, from attempting higher education, and to restrict recruitment and special compensatory educational programs, such as TRIO.[18]

Three Troublesome Issues: Quality, Talent, and Conflict of Interest

Three policy issues that played little, if any, role in 1965 confronted those concerned with reauthorization in 1986: the debates surrounding quality of higher education, ways of rewarding talented students, and the conflicts of interest posed by federal and college financial aid programs.

The first of the three issues was the quality of the higher education for which the federal government was spending such large sums via student aid ($8 billion in fiscal year 1986). In 1965 it was generally accepted that institutions of higher education should be kept free from "political" interference in matters of curriculum, personnel, student admissions, and freedom of speech. "Quality of education" was rarely mentioned in 1965 discussions of student financial aid; this was seen as a matter for the colleges to handle. But by 1985, with the large federal investment in higher education, questions were being raised as to whether the government was getting its money's worth. This was especially true as college charges increased rapidly. Reports from the field suggested that academic standards were eroding, as colleges first had to recruit students from the declining supply of high school graduates, and then work harder to keep them enrolled. Governors were worrying about both high costs and poor quality in state universities and colleges. Evidence on grade inflation and some indications of low standards of student performance were reported, and it was suggested that the higher education community's self-regulation through the accreditation process be tightened. The establishment of an assessment of student learning in institutions of higher education, comparable to the national Assessment of Educational Progress available for the schools, was proposed as a way of monitoring academic standards.[19] But these issues of academic quality were not only controversial in and out of the educational community; they were also marginal to the central issues of the budget and the Cost of student financial aid.

A second policy contrast between the two eras involved efforts to cultivate talented students. In 1965 it was assumed that talented students were a national asset, and that they should get a college education. There was, it seemed to me, a change in tone by 1986: meeting "need" took the highest priority in the minds of many, even at the expense of not rewarding talent. The national need for identifying and encouraging academic talent unhappily became a controversial issue, defined as merit versus need. The basic policy of meeting financial need to provide access for poor undergraduates, it was feared, would be endangered in a time of financial stringency if funds were diverted to other purposes, such as selecting and providing special or extra funding for students of unusual academic promise or students preparing for careers of particular importance to the national interest. If there is enough money to support everyone, of course, the issue of priority between need and merit is moot. But there is not, and perhaps never will be, enough money for both, and the nation faces a difficult and subtle choice between desirable values.

At the graduate and professional level, by and large, it seems to be agreed that talent or merit should be the basis for both admission and, especially at advanced levels, for grants and fellowships. But at the undergraduate level the issue of need versus merit is considered problematic. Indeed, it has not really been joined. Ultimately, the decision on national priorities, as far as the student financial aid is concerned, will be made through the political process.

My own preferences are based on what I conceive to be two national goals that justify special programs based on selection by merit in addition to financial need—that is, programs designed to recruit and educate individuals by provision of substantial grant funds (as contrasted to loans or other forms of support). The first program would be aimed at increasing the proportion of students from racial minorities embarking on postsecondary education, completing the baccalaureate, and going on to graduate and professional education.[20] The second program would provide substantial financial aid to those well qualified to teach in the elementary and secondary schools, and especially in the schools that enroll poor and disadvantaged students. Both the recent Carnegie and Holmes Reports point the need for minority teachers, and estimate an overall need for approximately 50,000 minority teachers each year in the 1990s.[21] The need for minority access to, and completion of, graduate and professional education, and the demand for teachers would both seem to me to be national problems requiring solutions on a national scale.

Finally, financial aid executives at universities and colleges in the 1980s found themselves in a position of conflicting interests in a way that had not been anticipated in 1965; there had not been enough federally financed student aid before that time to create conflicts of interest. They were now required to carry out both the spirit and the letter of the law directed toward helping the poor without regard to academic merit. Yet at the same time, they had to respond to their employers' instructions to fill up entering classes, preferably with students showing enough academic potential and financial stability to graduate. Financial aid officers served two masters, one nearby, who controlled their employment, the other far away in Washington, who controlled the money.

It was not that these three issues were entirely neglected in the 1986 discussions. They were the subject of considerable attention in governmental and academic circles, but they did not receive congressional action. Some in the Senate saw an amendment to the Pell grants legislation requiring students to maintain a "C" average in order to remain eligible for funding as a response to the quality problem, but this proposal seemed rather meaningless to the academic community and, perhaps, to governors seeking reform in the 1980s.[22] The reason for this congressional reluctance is not hard to find. For two decades Congress had stepped warily around the policy issues involved in judging the quality of student learning, the quality of teaching by the faculty, and the nature of the curriculum. Evidence on academic quality has been scattered and perhaps unreliable (the frankest talk was about the effect of profitable athletic programs on players' graduation prospects). The dangers of "federal control" in these areas were very real. The social and political costs of policing institutional quality have been too great to contemplate. The Congress has wisely followed a policy of maintaining institutional independence. When it came to adjusting a complete set of student aid programs to the varied circumstances of millions of students, too, it seemed wiser to leave decisions on "packaging" financial aid at the institutional level rather than to regulate it from a central point for all circumstances. For Congress to attempt such efforts would have involved interference and entanglements with the freedom of the institutions to a degree that frightened both legislators and educators. In any case, the Congress did not take new action on these issues in 1986, perhaps for lack of consensus on how to proceed.

Constitutional Troubles

One can speculate that Congress might have found ways to influence institutional behavior regarding academic quality, the need for encouraging talent, and the problems of conflict of interest, if the executive and legislative branches had enjoyed a collaborative relationship in 1986. But they did not. The executive branch made no formal recommendations at all to the House on how best to revise the Higher Education Act, and took what can be described as delayed and desultory action with regard to the Senate. The final Higher Education Amendments of 1986 were basically the result of congressional, not executive, policy. The major exception was an administration proposal to experiment with a system of student loans organized around the concept of repayments based upon later career income and student eligibility for larger, consolidated loans, an amendment which was designed to save the government money but which is certain to cause controversy and difficulty. One can speculate that the Congress, mistrusting the

Reagan administration, had no desire to explore new policies in partnership with an executive branch that seemed bent instead upon lecturing the colleges on such issues as teaching moral values (which the Congress would scarcely consider a suitable topic for legislation), sharply rising costs and tuition charges,[23] and revision of the curriculum (which the Congress traditionally has left to the colleges), or on prescribing ever more complex regulations (which the Congress thought the administration had promised to simplify). It may be that the questions raised by the administration in speeches or reports (though not in proposed legislation) on important issues of educational quality and the increased costs of higher education were not dealt with in Congress simply because of who was asking them.

One result of the standoff between the executive and legislative branches in 1986 was, ironically, to bring the majority and minority parties of the Congress into closer collaboration, often for the purpose of opposing the administration. The minority of the House Committee, for example, submitted "supplementary views" rather than a minority report, beginning with these words:

> We are pleased to note that H. R. 3700 has evolved as a bipartisan piece of legislation that attempts to achieve a balance between contradictory forces—the concerns of the higher education community, including students and parents faced with escalating costs in postsecondary education, and the concerns that we all share as a nation over the mounting federal deficit.[24]

The Senate Committee report to the floor was in effect unanimous. In spite of bipartisan collaboration on Capitol Hill in 1986, however, Congress was not able to deal with the "imbalance" between grant and loan funds (there was too great a reliance on loans), which was the root cause of concern over student indebtedness. Nor was Congress able to address the growing concern over the rising cost of higher education. The budget problems of the institutions and the federal government were of course affected by forces beyond the reach of the congressional committees: the economic machinations of OPEC, institutional appetites for bigger and better facilities, the widespread public concern over eroding academic quality. The executive branch apparently had little to contribute except to propose budget cuts, more work-study, and income-contingent loans. The higher education community was sufficiently troubled with its own affairs to make united recommendations on such difficult issues as costs and quality almost impossible. Finally, looming over the scene was the huge and growing federal budget deficit, reflected in the administration-supported Gramm-Rudman legislation. Unlike 1965, a year when the deficit was not an issue, 1985 seemed scarcely the best time to chart the unknown.

Has Federal Policy Come of Age?

In summary, the Higher Education Act of 1986 differs from its counterpart of 1965—but not radically. It continues the policy of supporting the needs of the poor. It wrestles with the issues raised by greater reliance on loans in recent years, and the accompanying decreased availability of grants. It takes no effective action on academic quality or on the national need for talent in some areas of the economy. It has skirted the difficult conflict of interest issue. The legislators are worried about the obvious social and economic problems of heavy student indebtedness to come, but have been unable to take effective action because of budgetary constraints. President Reagan's statement about the reauthorized act, quoted at the beginning of this article, was a reflection of his views on the state of the federal budget, particularly the deficit, and on executive-legislative relations, rather than a reaction to a radically different Higher Education Act. The twenty-one-year-old child had apparently become an expensive dependent; the higher education community, battered by shifting demographic forces and higher costs, was therefore no longer trusted as it was in 1965 to express, defend, or carry out the public interest. Rather, the higher education community was suspected of being too concerned with maintaining the style of life to which it had become accustomed in the past two decades.

The Higher Education Act of 1965 was enacted on the basis of apparently clear needs in a time of legislative-executive collaboration. The act of 1986 did not address new national needs, with the partial (and as yet unfunded) exception of part-time students. Yet those needs seemed far less clear and far harder to address than in 1965, perhaps because of a lack of collaboration from the administration, or because wise solutions on ways to proceed were never found. The major reason was probably the unresolved crisis of the budget, though it must be noted that the Congress did what it could by increasing authorization for Pell grants and by cutting loan costs.

We will have to wait for the early 1990s, when the act again becomes eligible for revision, to see what happens. The act of 1986 was one of adjustment, not one of new directions. Federal policy on higher education has not achieved maturity, in this author's view, since the government has not yet fully decided on its positions vis-à-vis the harsh realities of the economy, on the issues of academic quality, on the national priorities for talent, or on the clash between the needs of the poor and those of the middle class, as expressed in the balance between loans and grants. Perhaps the Higher Education Act's maturity, defined as an ability to face unpleasant facts and probabilities effectively, will be reached only if a rapprochement is achieved within the constitutional framework and within the higher education community itself.

Notes

1. "President's Talk in Texas on Higher Education Act," *New York Times,* 9 Nov. 1965, p. 28.
2. "Reagan Signs Extension of College-Aid Act Even Though He Dislikes Some Provisions," *Chronicle of Higher Education,* 29 Oct. 1986, pp. 18–19.
3. The Higher Education Act comprises eight parts: (I) Community Service and Continuing Education Programs; (II) College Library Assistance and Library Training and Research; (III) Strengthening Developing Institutions; (IV) Student Assistance; (V) Teacher Programs; (VI) Financial Assistance for the Improvement of Undergraduate Instruction; (VII) Amendments to the Higher Education Facilities Act of 1963; and (VIII) General Provisions.
4. For complex social and economic reasons that included increasing specialization and mobility in the economy and the entry of large numbers of women into the workforce, the number of part-time students had risen dramatically, from 27.3 percent of those attending institutions of higher education in 1965 to 41.1 percent in 1985—from 1.6 million to 5.2 million students.
5. The Senate Report to the Floor of 1 Sept. 1965 (pp. 6–8) described the problems that the nation was facing with the increase of urbanization and the place that the universities, under Title I programs, might take in coping with these problems. It stated: "In keeping with the intent of President Johnson to extend the role of the university 'far beyond the ordinary extension-type operation,' the committee is proposing a program of Federal assistance for institutions of higher education to enable them to maintain extension and continuing education programs while pioneering in a broadened field of responsibility," p. 8. Among the projects and activities deemed eligible for funding were studies of employment problems; courses to train paraprofessionals in health and social work fields; continuing education for professionals; seminars on law for community leaders; conferences on health care for isolated communities, and on "social unrest"; refresher programs for urban planners and designers; consultative services to governments; leadership training for civic groups; training on service to the aged, to labor, and to culturally disadvantaged adults; and educational programs for women entering or reen-

tering the labor market. Higher Education Act of 1965, S. Rep. No. 673, 89th Cong., 1st Sess. 6–8 (1965).

In 1986 the House Conference Report found that "the increasing incidence of relocation and dislocation of industries and workers . . . and the rapid rate of changes in technology [made it] . . . in the interest of the Federal Government to support continuing education for adults in order to reduce unemployment and underemployment, enhance job opportunities, and promote a well-trained, flexible, internationally competitive workforce and an educated citizenry," p. 11.

The reauthorized Title I of 1986 is named "Postsecondary Programs for Nontraditional Students" and makes provision for programs and planning grants, national programs on adult learning research, and a national advisory council on continuing education. Higher Education Act of 1986, H.R. Rep. No. 99-861, 99th tong., 2nd Sess. 1–11 (1986).

6. "During the 1970s, the amount of Federal funds awarded to TBIs in this program increased, but TBI awards comprised a declining proportion of the total Title III funding. The regulations issued in 1982 included a special 'set-aside' of funds for TBIs eligible to participate in the program; these regulations also stressed that all program participants should use Title III funding to 'graduate' from the program." National Center for Education Statistics, "The Traditionally Black Institutions of Higher Education: Their Development and Status, 1860 to 1982," *Historical Report,* March 1985 (Washington, D.C.: U.S. Dept. of Education), p. 1.
7. This account of the original intent of Title III is a matter of dispute. The House Committee looked into the matter during the 1980 reauthorization and concluded that Title III from the start was intended for all institutions "out of the mainstream," not exclusively for black institutions. My own fallible memory, supported by Samuel Nabrit's remarks in a report on aid to developing institutions and Congresswoman Edith Green's statement in introducing the legislation in 1965, does not support this interpretation. Nabrit recalled: "Early in the discussions, it became clear to us we would get into difficulty in trying to set up a program exclusively for black colleges, so the program was made an open program. But it was decided in the panel and sold to the President, and ultimately carried out, that an understanding director of the program would be obtained, one who would understand the original goals. There was no question as to what the goal or purpose was in the beginning . . . it has never been a program which was exclusively funded for the black colleges, even though that was the original intent," as quoted in Henry E. Cobb, *Report on an Examination of the Developing Institutions Program* (Washington, D.C.: U.S. Office of Education), 1977, pp. 21–22. Edith Green, at the Higher Education Hearings in 1965, stated that Title III was "conceived . . . primarily to strengthen the Negro colleges in the South" (Hearings Before the Special Subcommittee on Education of the Committee on Education and Labor), H. Rep. 3220, 89th Cong., 1st Sess., 485 (1965).

   Let the reader, therefore, be on guard.
8. Higher Education Act of 1965, H.R. Rep. No. 673, 89th Cong., 1st Sess. 35 (1965).
9. Higher Education Act of 1965, H.R. Rep. No. 621, 89th Cong., 1st Sess. 21 (1965).
10. Cecelia A. Ottinger, ed., *Fact Book on Higher Education, 1986–87.* (New York: Macmillan; American Council on Education, 1986), p. 58.
11. The grant program actually has three parts: the large Pell program, the Supplemental Educational Opportunity Grant (SEOG) program, and the State Student Incentive Grant (SSIG) program.
12. Higher Education Amendments of 1985, H.R. Rep. No. 99-383, 99th Cong., 1st Sess. 5 (1985).
13. "Study Voices Fear that College Debt Will Burden Lives," *New York Times,* 29 Dec. 1986, p. 1.
14. Janet S. Hansen, for the Congressional Joint Economic Committee, quoted in the *Chronicle of Higher Education,* 7 Jan. 1987, p. 1.

15. Is it possible that continued increases in numbers of "independent" students—that is, those not dependent on their parents—and part-time students may bring changes in this policy as the years go by? And what about single parents?
16. "Report of the Chairman of the National Student Aid Coalition," 1981–85. Congressional Record, Proceedings and Debates of the 99th Cong., 1st Sess. Fri., 20 Dec. 1985 (Washington, D.C.: GPO, 1983), p. S 18329. In fairness it should be pointed out that the higher education community and congressional committees wanted to provide for the poor and minorities, but the increased costs entailed in doing this, especially in a time of heavy political pressure for a low-cost bill, made it almost impossible to do so.
17. Schlesinger, *The Cycles of American History* (Boston: Houghton Mifflin, 1986), pp. 254, 293.
18. TRIO is a group of five federal support service programs designed for students who are economically disadvantaged or handicapped, and generally for members of groups who have been historically underrepresented in higher education. These programs—Talent Search, Upward Bound, Special Services for Disadvantaged Students, Equal Opportunity Centers, and Staff Development Activities are funded under Title IV, subpart 4 of the Higher Education Act, Special Programs for Students from Disadvantaged Backgrounds.
19. Francis Keppel, "Strategies for Retrenchment: National, State, Institutional," *Current Issues in Higher Education*, 2 (8 Oct. 1980), 1–10. (Published by the American Association for Higher Education, Washington, D.C.)
20. As Arthur Hauptman writes, "minority group participation in graduate and professional education for the most part continues to fall far short of their representation in the population. . . . A major hurdle in increasing minority participation at the graduate and professional level may be the limited progress that has occurred in increasing the number of minority students receiving bachelor's degrees. In the latter half of the 1970s, the percentage increase in the number of bachelor's degrees awarded minority students was modest." *Students in Graduate and Professional Education: What We Know and Need to Know* (Washington, D.C.: Association of American Universities, 1986), pp. 22–23.
21. Francis Keppel, "A Field Guide to the Land of Teachers," *Phi Delta Kappan, 61* (1986), 21.
22. On the issue of national needs for talent and quality, it should be pointed out that the Congress, in Titles II, VI (language and international education), and IX (graduate fellowships) of the extended 1986 act, explicitly sought to support talent and improved academic quality.
23. The rising cost of higher education was becoming a controversial as well as a complicated issue. State governments, of course, paid for the basic costs of public institutions. Cost containment is also difficult to accomplish with what seems to be a lack of adequate or comparable data on a "cost base."
24. Higher Education Amendments of 1985, H.R. Rep. No. 99-383, 99th Cong., 1st Sess. 156 (1985).

The Science of "Muddling Through"

CHARLES E. LINDBLOM

Suppose an administrator is given responsibility for formulating policy with respect to inflation. He might start by trying to list all related values in order of importance, e.g., full employment, reasonable business profit, protection of small savings, prevention of a stock market crash. Then all possible policy outcomes could be rated as more or less efficient in attaining a maximum of these values. This would of course require a prodigious inquiry into values held by members of society and an equally prodigious set of calculations on how much of each value is equal to how much of each other value. He could then proceed to outline all possible policy alternatives. In a third step, he would undertake systematic comparison of his multitude of alternatives to determine which attains the greatest amount of values.

In comparing policies, he would take advantage of any theory available that generalized about classes of policies. In considering inflation, for example, he would compare all policies in the light of the theory of prices. Since no alternatives are beyond his investigation, he would consider strict central control and the abolition of all prices and markets on the one hand and elimination of all public controls with reliance completely on the free market on the other, both in the light of whatever theoretical generalizations he could find on such hypothetical economies.

Finally, he would try to make the choice that would in fact maximize his values.

An alternative line of attack would be to set as his principal objective, either explicitly or without conscious thought, the relatively simple goal of keeping prices level. This objective might be compromised or complicated by only a few other goals, such as full employment. He would in fact disregard most other social values as beyond his present interest, and he would for the moment not even attempt to rank the few values that he regarded as immediately relevant. Were he pressed, he would quickly admit that he was ignoring many related values and many possible important consequences of his policies.

As a second step, he would outline those relatively few policy alternatives that occurred to him. He would then compare them. In comparing his limited number of alternatives, most of them familiar from past controversies, he would not ordinarily find a body of theory precise enough to carry him through a comparison of their respective consequences. Instead he would rely heavily on the record of past experience with small policy steps to predict the consequences of similar steps extended into the future.

Moreover, he would find that the policy alternatives combined objectives or values in different ways. For example, one policy might offer price level stability at the cost of some risk of unemployment; another might offer less price stability but also less risk of unemployment. Hence, the next step in his approach—the final selection—would combine into one the choice among values and the choice among instruments for reaching values. It would not, as in the first method of policymaking, approximate a more mechanical process of choosing the means that best satisfied goals that were previously clarified and ranked. Because practitioners of the second approach expect to achieve their goals only partially, they would expect to repeat endlessly the sequence just described, as conditions and aspirations changed and as accuracy of prediction improved.

By Root or by Branch

For complex problems, the first of these two approaches is of course impossible. Although such an approach can be described, it cannot be practiced except for relatively simple problems and even then only in a somewhat modified form. It assumes intellectual capacities and sources of information that men simply do not possess, and it is even more absurd as an approach to policy when the time and money that can be allocated to a policy problem is limited, as is always the case. Of particular importance to public administrators is the fact that public agencies are in effect usually instructed not to practice the first method. That is to say, their prescribed functions and constraints—the politically or legally possible—restrict their attention to relatively few values and relatively few alternative policies among the countless alternatives that might be imagined. It is the second method that is practiced.

Curiously, however, the literatures of decision making, policy formulation, planning, and public administration formalize the first approach rather than the second, leaving public administrators who handle complex decisions in the position of practicing what few preach. For emphasis I run some risk of over-statement. True enough, the literature is well aware of limits on man's capacities and of the inevitability that policies will be approached in some such style as the second. But attempts to formalize rational policy formulation—to lay out explicitly the necessary steps in the process—usually describe the first approach and not the second.[1]

The common tendency to describe policy formulation even for complex problems as though it followed the first approach has been strengthened by the attention given to, and successes enjoyed by, operations research, statistical decision theory, and systems analysis. The hallmarks of these procedures, typical of the first approach, are clarity of objective, explicitness of evaluation, a high degree of comprehensiveness of overview, and, wherever possible, quantification of values for mathematical analysis. But these advanced procedures remain largely the appropriate techniques of relatively small-scale problem-solving where the total number of variables to be considered is small and value problems restricted. Charles Hitch, head of the Economics Division of RAND Corporation, one of the leading centers for application of these techniques, has written:

> I would make the empirical generalization from my experience at RAND and elsewhere that operations research is the art of sub-optimizing, i.e., of solving some lower-level problems, and that difficulties increase and our special competence diminishes by an order of magnitude with every level of decision making we attempt to ascend. The sort of simple explicit model which operations researchers are so proficient in using can certainly reflect most of the significant factors influencing traffic control on the George Washington Bridge, but the proportion of the relevant reality which we can represent by any such model or models in studying, say, a major foreign-policy decision, appears to be almost trivial.[2]

Accordingly, I propose in this paper to clarify and formalize the second method, much neglected in the literature. This might be described as the method of *successive limited comparisons*. I will contrast it with the first approach, which might be called the rational-comprehensive method.[3] More impressionistically and briefly—and therefore generally used in this article—they could be characterized as the branch method and root method, the former continually building out from the current situation, step-by-step and by small degrees; the latter starting from fundamentals anew each time, building on the past only as experience is embodied in a theory, and always prepared to start completely from the ground up.

Let us put the characteristics of the two methods side by side in simplest terms.

Rational-Comprehensive (Root)

1a. Clarification of values or objectives distinct from and usually prerequisite to empirical analysis of alternative policies.
2a. Policy-formulation is therefore approached through means-end analysis: First the ends are isolated, then the means to achieve them are sought.
3a. The test of a "good" policy is that it can be shown to be the most appropriate means to desired ends.
4a. Analysis is comprehensive; every important relevant factor is taken into account.
5a. Theory is often heavily relied upon.

Assuming that the root method is familiar and understandable, we proceed directly to clarification of its alternative by contrast. In explaining the second, we shall be describing how most administrators do in fact approach complex questions, for the root method, the "best" way as a blueprint or model, is in fact not workable for complex policy questions, and administrators are forced to use the method of successive limited comparisons.

Intertwining Evaluation and Empirical Analysis (1b)

The quickest way to understand how values are handled in the method of successive limited comparisons is to see how the root method often breaks down in *its* handling of values or objectives. The idea that values should be clarified, and in advance of the examination of alternative policies, is appealing. But what happens when we attempt it for complex social problems? The first difficulty is that on many critical values or objectives, citizens disagree, congressmen disagree and public administrators disagree. Even where a fairly specific objective is prescribed for the administrator, there remains considerable room for disagreement on sub-objectives. Consider, for example, the conflict with respect to locating public housing, described in Meyerson and Banfield's study of the Chicago Housing Authority[4]—disagreement which occurred despite the clear objective of providing a certain number of public housing units in the city. Similarly conflicting are objectives in highway location, traffic control, minimum wage administration, development of tourist facilities in nation parks, or insect control.

Successive Limited Comparisons (Branch)

1b. Selection of value goals and empirical analysis of the needed action are not distinct from one another but are closely intertwined.
2b. Since means and ends are not distinct, means-end analysis is often inappropriate or limited.
3b. The test of a "good" policy is typically that various analysts find themselves directly agreeing on a policy (without their agreeing that it is the most appropriate means to an agreed objective).
4b. Analysis is drastically limited:
    i. Important possible outcomes are neglected.
    ii. Important alternative potential policies are neglected.
    iii. Important affected values are neglected.
5b. A succession of comparisons greatly reduces or eliminates reliance on theory.

Administrators cannot escape these conflicts by ascertaining the majority's preference, for preferences have not been registered on most issues; indeed, there often *are* no preferences in the absence of public discussion sufficient to bring an issue to the attention of the electorate. Furthermore, there is a question of whether intensity of feeling should be considered as well as the number of persons preferring each alternative. By the impossibility of doing otherwise, administrators often are reduced to deciding policy without clarifying objectives first.

Even when an administrator resolves to follow his own values as a criterion for decisions, he often will not know how to rank them when they conflict with one another, as they usually do. Suppose, for example, that an administrator must relocate tenants living in tenements scheduled for destruction. One objective is to empty the buildings fairly promptly, another is to find suitable accommodation for persons displaced, another is to avoid friction with residents in other areas in which a large influx would be unwelcome, another is to deal with all concerned through persuasion if possible, and so on.

How does one state even to himself the relative importance of these partially conflicting values? A simple ranking of them is not enough; one needs ideally to know how much of one value is worth sacrificing for some of another value. The answer is that typically the administrator chooses—and must choose—directly among policies in which these values are combined in different ways. He cannot first clarify his values and then choose among policies.

A more subtle third point underlies both the first two. Social objectives do not always have the same relative values. One objective may be highly prized in one circumstance, another in another circumstance. If, for example, an administrator values highly both the dispatch with which his agency can carry through its projects *and* good public relations, it matters little which of the two possibly conflicting values he favors in some abstract or general sense. Policy questions arise in forms which put to administrators such a question as: Given the degree to which we are or are not already achieving the values of dispatch and the values of good public relations, is it worth sacrificing a little speed for a happier clientele, or is it better to risk offending the clientele so that we can get on with our work? The answer to such a question varies with circumstances.

The value problem is, as the example shows, always a problem of adjustments at a margin. But there is no practicable way to state marginal objectives or values except in terms of particular policies. That one value is preferred to another in one decision situation does not mean that it will be preferred in another decision situation in which it can be had only at great sacrifice of another value. Attempts to rank or order values in general and abstract terms so that they do not shift from decision to decision end up by ignoring the relevant marginal preferences. The significance of this third point thus goes very far. Even if all administrators had at hand an agreed set of values, objectives, and constraints, and an agreed ranking of these values, objectives, and constraints, their marginal values in actual choice situations would be impossible to formulate.

Unable consequently to formulate the relevant values first and then choose among policies to achieve them, administrators must choose directly among alternative policies that offer different marginal combinations of values. Somewhat paradoxically, the only practicable way to disclose one's relevant marginal values even to oneself is to describe the policy one chooses to achieve them. Except roughly and vaguely, I know of no way to describe—or even to understand—what my relative evaluations are for, say, freedom and security, speed and accuracy in governmental decisions, or low taxes and better schools than to describe my preferences among specific policy choices that might be made between the alternatives in each of the pairs.

In summary, two aspects of the process by which values are actually handled can be distinguished. The first is clear: evaluation and empirical analysis are intertwined; that is, one chooses among values and among policies at one and the same time. Put a little more elaborately, one simultaneously chooses a policy to attain certain objectives and chooses the objectives themselves. The second aspect is related but distinct: the administrator focuses his attention on marginal or incremental values. Whether he is aware of it or not, he does not find general formulations of objectives very helpful and in fact makes specific marginal or incremental comparisons. Two policies, X and Y, confront him. Both promise the same degree of attainment of objectives *a, b, c, d,* and *e*. But X promises him somewhat more of *f* than does Y, while Y promises him somewhat more of *g* than does X. In choosing between them, he is in fact offered the alternative of a marginal or incremental amount of *f* at the expense of a marginal or incremental amount of *g*. The only values that are relevant to his choice are these increments by which the two policies differ; and, when he finally chooses between the two marginal values, he does so by making a choice between policies.[5]

As to whether the attempt to clarify objectives in advance of policy selection is more or less rational than the close intertwining of marginal evaluation and empirical analysis, the principal difference established is that for complex problems the first is impossible and irrelevant, and the second is both possible and relevant. The second is possible because the administrator need not try to analyze any values except the values by which alternative policies differ and need not be concerned with them except as they differ marginally. His need for information on values or objectives is drastically reduced as compared with the root method; and his capacity for grasping, comprehending, and relating values to one another is not strained beyond the breaking point.

Relations between Means and Ends (2b)

Decision making is ordinarily formalized as a means-ends relationship: means are conceived to be evaluated and chosen in the light of ends finally selected independently of and prior to the choice of means. This is the means-ends relationship of the root method. But it follows from all that has just been said that such a means-ends relationship is possible only to the extent that values are agreed upon, are reconcilable, and are stable at the margin. Typically, therefore, such a means-ends relationship is absent from the branch method, where means and ends are simultaneously chosen.

Yet any departure from the means-ends relationship of the root method will strike some readers as inconceivable. For it will appear to them that only in such a relationship is it possible to determine whether one policy choice is better or worse than another. How can an administrator know whether he has made a wise or foolish decision if he is without prior values or objectives by which to judge his decisions? The answer to this question calls up the third distinctive difference between root and branch methods: how to decide the best policy.

The Test of “Good” Policy (3b)

In the root method, a decision is “correct,” “good,” or “rational” if it can be shown to attain some specified objective, where the objective can be specified without simply describing the decision itself. Where objectives are defined only through the marginal or incremental approach to values described above, it is still sometimes possible to test whether a policy does in fact attain the desired objectives; but a precise statement of the objectives takes the form of a description of the policy chosen or some alternative to it. To show that a policy is mistaken one cannot offer an abstract argument that important objectives are not achieved; one must instead argue that another policy is more to be preferred.

So far, the departure from customary ways of looking at problem-solving is not troublesome, for many administrators will be quick to agree that the most effective discussion of the correctness of policy does take the form of comparison with other policies that might have been chosen. But what of the situation in which administrators cannot agree on values or objectives, either abstractly or in marginal terms? What then is the test of “good” policy? For the root method, there is not test. Agreement on objectives failing, there is no standard of “correctness.” For the method of successive limited comparisons, the test is agreement on policy itself, which remains possible even when agreement on values is not.

It has been suggested that continuing agreement in Congress on the desirability of extending old age insurance stems from liberal desires to strengthen the welfare programs of the federal government and from conservative desires to reduce union demands for private pension plans. If so, this is an excellent demonstration of the ease with which individuals of different ideologies often can agree on concrete policy. Labor mediators report a similar phenomenon: the contestants cannot agree on criteria for settling their disputes but can agree on specific proposals. Similarly, when one administrator's objective turns out to be another's means, they often can agree on policy.

Agreement on policy thus becomes the only practicable test of the policy's correctness. And for one administrator to seek to win the other over to agreement on ends as well would accomplish nothing and create quite unnecessary controversy.

If agreement directly on policy as a test for "best" policy seems a poor substitute for testing the policy against its objectives, it ought to be remembered that objectives themselves have no ultimate validity other than they are agreed upon. Hence agreement is the test of "best" policy in both methods. But where the root method requires agreement on what elements in the decision constitute objectives and on which of these objectives should be sought, the branch method falls back on agreement wherever it can be found.

In an important sense, therefore, it is not irrational for an administrator to defend a policy as good without being able to specify what it is good for.

Non-Comprehensive Analysis (b)

Ideally, rational-comprehensive analysis leaves out nothing important. But it is impossible to take everything important into consideration unless "important" is so narrowly defined that analysis is in fact quite limited. Limits on human intellectual capacities and on available information set definite limits to man's capacity to be comprehensive. In actual fact, therefore, no one can practice the rational-comprehensive method for really complex problems, and every administrator faced with a sufficiently complex problem must find ways drastically to simplify.

An administrator assisting in the formulation of agricultural economic policy cannot in the first place be competent on all possible policies. He cannot even comprehend one policy entirely. In planning a soil bank program, he cannot successfully anticipate the impact of higher or lower farm income on, say, urbanization—the possible consequent loosening of family ties, possible consequent eventual need for revisions in social security and further implications for tax problems arising out of new federal responsibilities for social security and municipal responsibilities for urban services. Nor, to follow another line of repercussions, can he work through the soil bank program's effects on prices for agricultural products in foreign markets and consequent implications for foreign relations, including those arising out of economic rivalry between the United States and the U.S.S.R.

In the method of successive limited comparisons, simplification is systematically achieved in two principal ways. First, it is achieved through limitation of policy comparisons to those policies that differ in relatively small degree from policies presently in effect. Such a limitation immediately reduces the number of alternatives to be investigated and also drastically simplifies the character of the investigation of each. For it is not necessary to undertake fundamental inquiry into an alternative and its consequences; it is necessary only to study those respects in which the proposed alternative and its consequences differ from the status quo. The empirical comparison of marginal differences among alternative policies that differ only marginally is, of course, a counterpart to the incremental or marginal comparison of values discussed above.[6]

Relevance as Well as Realism

It is a matter of common observation that in Western democracies public administrators and policy analysts in general do largely limit their analyses to incremental or marginal differences in policies that are chosen to differ only incrementally. They do not do so, however, solely because they desperately need some way to simplify their problems; they also do so in order to be relevant. Democracies change their policies almost entirely through incremental adjustments. Policy does not move in leaps and bounds.

The incremental character of political change in the United States has often been remarked. The two major political parties agree on fundamentals; they offer alternative policies to the voters only on relatively small points of difference. Both parties favor full employment, but they define it somewhat differently; both favor the development of water power resources, but in slightly different ways; and both favor unemployment compensation, but not the same level of benefits. Similarly, shifts of policy within a party take place largely through a series of relatively small changes, as can be seen in their only gradual acceptance of the idea of governmental responsibility for support of the unemployed, a change in party positions beginning in the early 30s and culminating in a sense in the Employment Act of 1946.

Party behavior is in turn rooted in public attitudes, and political theorists cannot conceive of democracy's surviving in the United States in the absence of fundamental agreement on potentially disruptive issues, with consequent limitation of policy debates in relatively small differences in policy.

Since the policies ignored by the administrator are politically impossible and so irrelevant, the simplification of analysis achieved by concentrating on policies that differ only incrementally is not a capricious kind of simplification. In addition, it can be argued that, given the limits on knowledge within which policymakers are confined, simplifying by limiting the focus to small variations from present policy makes the most of available knowledge. Because policies being considered are like present and past policies, the administrator can obtain information and claim some insight. Non-incremental policy proposals are therefore typically not only politically irrelevant but also unpredictable in their consequences.

The second method of simplification of analysis is the practice of ignoring important possible consequences of possible policies, as well as the values attached to the neglected consequences. If this appears to disclose a shocking shortcoming of successive limited comparisons, it can be replied that, even if the exclusions are random, policies may nevertheless be more intelligently formulated than through futile attempts to achieve a comprehensiveness beyond human capacity. Actually, however, the exclusions, seeming arbitrary or random from one point of view, need be neither.

Achieving a Degree of Comprehensiveness

Suppose that each value neglected by one policymaking agency were a major concern of at least one other agency. In that case, a helpful division of labor would be achieved, and no agency need find its task beyond its capacities. The shortcomings of such a system would be that one agency might destroy a value either before another agency could be activated to safeguard it or in spite of another agency's efforts. But the possibility that important values may be lost is present in any form of organization, even where agencies attempt to comprehend in planning more than is humanly possible.

The virtue of such a hypothetical division of labor is that every important interest or value has its watchdog. And these watchdogs can protect the interests in their jurisdiction in two quite different ways: first, by redressing damages done by other agencies; and, second, by anticipating and heading off injury before it occurs.

In a society like that of the United States in which individuals are free to combine to pursue almost any possible common interest they might have and in which government agencies are sensitive to the pressures of these groups, the system described is approximated. Almost every interest has its watchdog. Without claiming that every interest has a sufficiently powerful watchdog, it can be argued that our system often can assure a more comprehensive regard for the values of the whole society than any attempt at intellectual comprehensiveness.

In the United States, for example, no part of government attempts a comprehensive overview of policy on income distribution. A policy nevertheless evolves, and one responding to a wide variety of interests. A process of mutual adjustment among farm groups, labor unions, municipalities and school boards, tax authorities, and government agencies with responsibilities in the fields of housing, health, highways, national parks, fire, and police accomplishes a distribution of income in which particular income problems neglected at one point in the decision processes become central at another point.

Mutual adjustment is more pervasive than the explicit forms it takes in negotiation between groups; it persists through the mutual impacts of groups upon each other even where they are not in communication. For all the imperfections and latent dangers in this ubiquitous process of mutual adjustment, it will often accomplish an adaptation of policies to a wider range of interest than could be done by one group centrally.

Note, too, how the incremental pattern of policymaking fits with the multiple pressure pattern. For when decisions are only incremental—closely related to known policies, it is easier for one group to anticipate the kind of moves another might make and easier too for it to make correction for injury already accomplished.[7]

Even partisanship and narrowness, to use pejorative terms, will sometimes be assets to rational decision making, for they can doubly insure that what one agency neglects, another will not; they specialize personnel to distinct points of view. The claim is valid that effective rational coordination of the federal administration, if possible to achieve at all, would require an agreed set of values[8]—if "rational" is defined as the practice of the root method of decision making. But a high degree of administrative coordination occurs as each agency adjusts its policies to the concerns of the other agencies in the process of fragmented decision making I have just described.

For all the apparent shortcomings of the incremental approach to policy alternatives with its arbitrary exclusion coupled with fragmentation, when compared to the root method, the branch method often looks far superior. In the root method, the inevitable exclusion of factors is accidental, unsystematic, and not defensible by any argument so far developed, while in the branch method the exclusions are deliberate, systematic, and defensible. Ideally, of course, the root method does not exclude; in practice it must.

Nor does the branch method necessarily neglect long-term considerations and objectives. It is clear that important values must be omitted in considering policy, and sometimes the only way long-run objectives can be given adequate attention is through the neglect of short-run considerations. But the values omitted can be either long-run or short-run.

Succession of Comparisons (5b)

The final distinctive element in the branch method is that the comparisons, together with the policy choice, proceed in a chronological series. Policy is not made once and for all; it is made and re-made endlessly. Policymaking is a process of successive approximation to some desired objectives in which what is desired itself continues to change under reconsideration.

Making policy is at best a very rough process. Neither social scientists, nor politicians, nor public administrators yet know enough about the social world to avoid repeated error in predicting the consequences of policy moves. A wise policymaker consequently expects that his policies will achieve only part of what he hopes and at the same time will produce unanticipated consequences he would have preferred to avoid. If he proceeds through a *succession* of incremental changes, he avoids serious lasting mistakes in several ways.

In the first place, past sequences of policy steps have given him knowledge about the probable consequences of further similar steps. Second, he need not attempt big jumps toward his goals that would require predictions beyond his or anyone else's knowledge, because he never expects his policy to be a final resolution of a problem. His decision is only one step, one that if successful can quickly be followed by another. Third, he is in effect able to test his previous predictions as he moves on to each further step. Lastly, he often can remedy a past error fairly quickly—more quickly than if policy proceeded through more distinct steps widely spaced in time.

Compare this comparative analysis of incremental changes with the aspiration to employ theory in the root method. Man cannot think without classifying, without subsuming one experience under a more general category of experiences. The attempt to push categorization as far as possible and to find general propositions which can be applied to specific situations is what I refer to with the word "theory." Where root analysis often leans heavily on theory in this sense, the branch method does not.

The assumption of root analysts is that theory is the most systematic and economical way to bring relevant knowledge to bear on a specific problem. Granting the assumption, an unhappy fact is that we do not have adequate theory to apply to problems in any policy area, although theory is more adequate in some areas—monetary policy, for example—than in others. Comparative analysis, as in the branch method, is sometimes a systematic alternative to theory.

Suppose an administrator must choose among a small group of policies that differ only incrementally from each other and from present policy. He might aspire to "understand" each of the alternatives—for example, to know all the consequences of each aspect of each policy. If so, he would indeed require theory. In fact, however, he would usually decide that, *for policymaking purposes,* he need know, as explained above, only the consequences of each of those aspects of the policies in which they differed from one another. For this much more modest aspiration, he requires no theory (although it might be helpful, if available), for he can proceed to isolate probable differences by examining the differences in consequences associated with past differences in policies, a feasible program because he can take his observations from a long sequence of incremental changes.

For example, without a more comprehensive social theory about juvenile delinquency than scholars have yet produced, one cannot possibly understand the ways in which a variety of public policies—say on education, housing, recreation, employment, race relations, and policing—might encourage or discourage delinquency. And one needs such an understanding if he undertakes the comprehensive overview of the problem prescribed in the models of the root method. If, however, one merely wants to mobilize knowledge sufficient to assist in a choice among a small group of similar policies—alternative policies on juvenile court procedures, for example—he can do so by comparative analysis of the results of similar past policy moves.

Theorists and Practitioners

This difference explains—in some cases at least—why the administrator often feels that the outside expert or academic problem-solver is sometimes not helpful and why they in turn often urge more theory on him. And it explains why an administrator often feels more confident when "flying by the seat of his pants" than when following the advice of theorists. Theorists often ask the administrator to go the long way round to the solution of his problems, in effect ask him to follow the best canons of the scientific method, when the administrator knows that the best available theory will work less well than more modest incremental comparisons. Theorists do not realize that the administrator is often in fact practicing a systematic method. It would be foolish to push this explanation too far, for sometimes practical decision makers are pursuing neither a theoretical approach nor successive comparisons, nor any other systematic method.

It may be worth emphasizing that theory is sometimes of extremely limited helpfulness in policymaking for at least two rather different reasons. It is greedy for facts; it can be constructed only through a great collection of observations. And it is typically insufficiently precise for application to a policy process that moves through small changes. In contrast, the comparative method both economizes on the need for facts and directs the analyst's attention to just those facts that are relevant to the fine choices faced by the decision maker.

With respect to precision of theory, economic theory serves as an example. It predicts that an economy without money or prices would in certain specified ways misallocate resources, but this finding pertains to an alternative far removed from the kind of policies on which administrators need help. On the other hand, it is not precise enough to predict the consequences of policies restricting business mergers, and this is the kind of issue on which the administrators need help. Only in relatively restricted areas does economic theory achieve sufficient precision to go far in resolving policy questions; its helpfulness in policymaking is always so limited that it requires supplementation through comparative analysis.

Successive Comparison as a System

Successive limited comparisons is, then, indeed a method or system; it is not a failure of method for which administrators ought to apologize. None the less, its imperfections, which have not been explored in this paper, are many. For example, the method is without a built-in safeguard for all relevant values, and it also may lead the decision maker to overlook excellent policies for no other reason than that they are not suggested by the chain of successive policy steps leading up to the present. Hence, it ought to be said that under this method, as well as under some of the most sophisticated variants of the root method—operations research, for example—policies will continue to be as foolish as they are wise.

Why then bother to describe the method in all the above detail? Because it is in fact a common method of policy formulation, and is, for complex problems, the principal reliance of administrators as well as of other policy analysts.[9] And because it will be superior to any other decision making method available for complex problems in many circumstances, certainly superior to a futile attempt at superhuman comprehensiveness. The reaction of the public administrator to the exposition of method doubtless will be less a discovery of a new method than a better acquaintance with an old. But by becoming more conscious of their practice of this method, administrators might practice it with more skill and know when to extend or constrict its use. (That they sometimes practice it effectively and sometimes not may explain the extremes of opinion on "muddling through," which is both praised as a highly sophisticated form of problem-solving and denounced as no method at all. For I suspect that in so far as there is a system in what is known as "muddling through," this method is it.)

One of the noteworthy incidental consequences of clarification of the method is the light it throws on the suspicion an administrator sometimes entertains that a consultant or adviser is not speaking relevantly and responsibly when in fact by all ordinary objective evidence he is. The trouble lies in the fact that most of us approach policy problems within a framework given by our view of a chain of successive policy choices made up to the present. One's thinking about appropriate policies with respect, say, to urban traffic control is greatly influenced by one's knowledge of the incremental steps taken up to the present. An administrator enjoys an intimate knowledge of his past sequences that "outsiders" do not share, and his thinking and that of the "outsider" will consequently be different in ways that may puzzle both. Both may appear to be talking intelligently, yet each may find the other unsatisfactory. The relevance of the policy chain of succession is even more clear when an American tries to discuss, say, antitrust policy with a Swiss, for the chains of policy in the two countries are strikingly different and the two individuals consequently have organized their knowledge in quite different ways.

If this phenomenon is a barrier to communication, an understanding of it promises an enrichment of intellectual interaction in policy formulation. Once the source of difference is understood, it will sometimes be stimulating for an administrator to seek out a policy analyst whose recent experience is with a policy chain different from his own.

This raises again a question only briefly discussed above on the merits of like-mindedness among government administrators. While much of organization theory argues the virtues of common values and agreed organizational objectives, for complex problems in which the root method is inapplicable, agencies will want among their own personnel two types of diversification: administrators whose thinking is organized by reference to policy chains other than those familiar to most members of the organization and, even more commonly, administrators whose professional or personal values or interests create diversity of view (perhaps coming from different specialties, social classes, geographical areas) so that, even within a single agency, decision making can be fragmented and parts of the agency can serve as watchdogs for other parts.

Notes

1. James G. March and Herbert A. Simon similarly characterize the literature. They also take some important steps, as have Simon's recent articles, to describe a less heroic model of policymaking. See *Organizations* (John Wiley and Sons, 1958), p. 137.
2. "Operations Research and National Planning—A Dissent," 5 *Operations Research* 718 (October, 1957) Hitch's dissent is from particular points made in the article to which his paper is a reply; his claim that operations research is for low-level problems is widely accepted.
For examples of the kind of problems to which operations research is applied, see C. W. Churchman, R. L. Ackoff and E. L. Arnoff, *Introduction to Operations Research* (John Wiley and Sons, 1957); and J. F. McCloskey and J. M. Coppinger (eds.), *Operations Research for Management*, Vol. II, (The Johns Hopkins Press, 1956).
3. I am assuming that administrators often make policy and advise in the making of policy and am treating decision making and policymaking as synonymous for purposes of this paper.
4. Martin Meyerson and Edward C. Banfield, *Politics, Planning and the Public Interest* (The Free Press, 1955).
5. The line of argument is, of course, an extension of the theory of market choice, especially the theory of consumer choice, to public policy choices.
6. A more precise definition of incremental policies and a discussion of whether a change that appears "small" to one observer might be seen differently by another is to be found in my "Policy Analysis," 48 *American Economic Review* 298 (June, 1958).
7. The link between the practice of the method of successive limited comparisons and mutual adjustment of interest in a highly fragmented decision making process adds a new facet to pluralist theories of government and administration.
8. Herbert Simon, Donald W. Smithburg, and Victor A. Thompson, *Public Administration* (Alfred A. Knopf, 1950), p. 434.
9. Elsewhere I have explored this same method of policy formulation as practiced by academic analysts of policy ("Policy Analysis," 48 *American Economic Preview* 298 [June, 1958]). Although it has been here presented as a method for public administrators, it is no less necessary to analysis more removed from immediate policy questions, despite their tendencies to describe their own analytical efforts as though they were the rational-comprehensive method with an especially heavy use of theory. Similarly, this same method is inevitably resorted to in personal problem-solving, where means and ends are sometimes impossible to separate, where aspirations or objectives undergo constant development, and where drastic simplification of the complexity of the real world is urgent if problems are to be solved in the time that can be given to them. To an economist accustomed to dealing with the marginal or incremental concept in market processes, the central idea in the method is that both evaluation and empirical analysis are incremental. Accordingly I have referred to the method elsewhere as "the incremental method."

Beyond Muddling: Creativity

CAMILLE CATES

> *There is nothing like becoming an economic planner oneself to learn what is desperately, stupidly wrong with such a system.*
>
> *Wm. E. Simon*

When I was a ten-year-old girl, Charles Lindblom wrote an article called "The Science of Muddling Through."[1]

Two decades later, I find myself in the city manager's office reflecting on that article. In those 20 years, I was fascinated by, studied, and then became a public administrator. It's true: there is a lot of "muddling through" out here in the "real" world. But public administrators cannot settle for mere muddling. The stakes are too high. Each generation of administrators has the responsibility to improve the government and its impact on the society.

Lindblom fulfills part of his responsibility by sounding a clear note in an orchestra of confusion.

Contribution: Humor and Humility

> *There's always an easy solution to every human problem—neat, plausible and wrong.*
>
> *H. L. Mencken*

Lindblom begins his article with a parable of decision making, an administrator formulating a policy on inflation. He contrasts the "scientific method" with "muddling through." For anyone who's tackled such a problem, "scientific" decision making sounds like a Rube Goldberg machine and is almost funny. I say "almost" because, unfortunately, we haven't solved inflation by "muddling through" either.

Lindblom gives the rational-comprehensive method a dose of its own medicine. It is so logical that it is absurd. By contrasting the ideal with the real, Lindblom helps us laugh at ourselves—a singularly significant achievement.

In a world of "rational-comprehensive" and "normative-optimum," it is refreshing to hear someone admit to plain old muddling. Despite our labels and jargon, we do *not* have it figured out. And that's called humility.

We all need those two magic ingredients to keep us from going stale. Humor and humility are natural preservatives.

Lindblom Is to Incrementalism What Weber Is to Bureaucracy

> *Bureaucratic administration means fundamentally the exercise of control on the basis of knowledge. This is the feature of it which makes it specifically rational.*
>
> *Max Weber*

Reading Lindblom on incrementalism is like reading Weber on bureaucracy. Both describe much of what I see as a practicing professional. Both yield to the temptation to transform a descriptive model into a normative model. Just because it's there doesn't make it good.

Both models, however, miss much of what I *do* see, and neither describes what I would like to see.

The values of bureaucracy are the values of "scientific" decision making: rationality, order, predictability, security, stability. Incrementalism does not abandon those values; it just places them in a more realistic environment.

What is missing is another way of approaching problems, another way of thinking.

Not rational, but
intuitive,
creative,
messy,
elusive.

That's what has changed in 20 years. Public administration has begun to explore—and value—and use—other ways of organizing and other ways of solving problems.

Root or Branch, It's the Same Tree

> *Practitioners . . . expect to achieve their goals only partially.*
>
> *Charles Lindblom*

> *There are few things reason can discover with so much certainty and ease as its own insufficiency.*
>
> *Jeremy Collier*

Lindblom identifies the hallmarks of the scientific approach as: clarity of objective, explicitness of evaluation, quantification of values, and mathematical analysis. He does not abandon this theoretical approach; he just says it is not *practical:*

> Prescribed functions and constraints—
> the politically or legally possible—
> restrict their (public administrators) attention to
> relatively few values and relatively few alternative policies.

The "rational-comprehensive method" Lindblom calls "root"; the "successive limited comparisons" method he calls "branch." His imagery gives him away (as the unconscious mind is apt to do): he is describing the same tree. Both models are rational, linear approaches to decision making.

Lindblom comforts the practitioner who is not perfectly scientific with the reassurance that:

> It is not irrational for an administrator to defend policy as good without being able to specify what it is good for.

Lindblom is right. It is not irrational. It is just not *perfectly* rational. So the practicing professional must learn to simplify complex problems systematically by (1) considering only those policies that differ slightly from current policies and by (2) ignoring important possible consequences and values of neglected policies.

Lindblom says these exclusions need not be arbitrary or random because important interests and values have watchdogs. These individuals, agencies, or special interests groups, will compete for inclusion in the decision making process. Through a "process of mutual adjustment," those who have access to decision making will agree and, thus, produce "good" policy.

Incrementalism is an adversary process; competing values and groups reach agreement through compromise. Each gives up something, it is a lose/lose game.

And not everybody can play. To compete, an individual or group must have access to the decision making process. Access is not evenly distributed and accrues more readily to the organized and the influential. Incremental decisions tend to reflect the values of those in power, the *status quo.*

Incrementalism versus Innovation

Nothing endures but change.

Heraclitus

That's what makes us a great country. The little things are serious and the big ones are not.

Will Rogers

Incrementalism, by definition, builds on the past and makes only marginal changes to current policies. Incremental decisions limit both risk and change.

Dror[2] identifies three conditions necessary for incrementalism to be an adequate method for policymaking:

1. the results of present policies are satisfactory,
2. there is a high degree of continuity in the nature of the problems, and
3. there is a high degree of continuity in available means for dealing with the problem.

In other words, incrementalism is best-suited to a stable environment where fine-tuning is all that is needed. But what happens when you need to change the channel? Incrementalism is not suited to rapidly changing conditions or to changes in policy direction.

Lindblom[3] disagrees that incrementalism is anti-innovation:

> Logically speaking, one can make changes in the social structure through a sequence of incremental steps as through drastic—and hence less frequent—alternations.

Lindblom falls into the same trap as another of his critics. Etzioni[4] tries to distinguish incremental decisions from fundamental ones, or "basic societal innovations." These "large" fundamental decisions guide the "small" incremental ones.

My problem is trying to identify a big or little decision. Appearances are deceiving. And, if I could, I'm not sure it would do me any good.

There is also a tone of elitism here somewhere; who is a "big decision maker?"

The search for the big decision is a wild goose chase. Whether a decision is big or little, whether big decisions come less frequently than little decisions, whether one big decision is equal to several little decisions—these questions all miss the point.

The point is: How can decision making be improved?

And that is the fatal flaw of incrementalism—how do you "muddle" better?

What needs to be added to the rational approaches to problem solving is not more rationality—like the scientific method proposes—or less rationality—like muddling through proposes. What is needed is something *other* than rationality.

Using the Other Side of the Mind

> *To resolve this dilemma in our rapidly changing environment, new organizational forms must be developed . . . a planned, managed change effort is necessary—a program of organizational development.*
>
> *Richard Beckhard*

As difficult as it is in our rational, technological society, we are beginning to explore and use other ways of knowing, understanding, deciding, and working together.

Psychological research has taught us much about the conscious and unconscious mind, the different functions of the right and left sides of the brain, ways of "knowing" without knowing (precognition, clairvoyance, extra sensory perception).

Public administration is also researching and adopting new approaches that use parts of the mind other than the rational function. Social science research methodology distinguishes between quantitative and qualitative approaches. Phenomenology, participant observation, and field research go beyond statistical analysis and a purely rational scientific method. Organizational theory contrasts stable bureaucracies with organic, temporary organizations. Public administrators now learn about action training and research as well as chain of command and span of control.

The capacity to use other nonrational ways of knowing is creativity.

Creativity often looks like muddling. There is an uncomfortable, unsteady state in the creative process characterized by confusion and seeming lack of direction. It is the middle ground in the change process of: freeze—unfreeze—refreeze.

But creativity is not muddling. Creative progress is not one small step tacked on to a series of small steps. It is not linear. It is not compromise. It is not predictable.

Some differences in muddling and creativity are:

	Muddling	**Creativity**
approach	rational	non-rational
basic strategy	security in change maximizing	advancement significant
focus	marginal incremental	new
criteria for "good" policy	agreement among competing parties; compromise	restructures problem so that new solutions are found: synergism
organizational structure	bureaucracy	open, temporary, organic

techniques	systematic simplification of scientific method	challenge assumptions
	—exclusion of options	brainstorming
	—neglect of certain consequences	images
	—neglect of certain values decision making	action training and research organizational development problem solving
values	logic	intuition
	predictability	innovation
	stability	change
	order	ambiguity
	security	risk

Perhaps the most critical difference between creativity and muddling is in how each approach can be improved. With muddling, the best an administrator can hope for is to be aware of using the approach and to know when to limit its use. It is possible, however, to improve the creative ability of an individual administrator and that of an organization.

Creativity: Try It; You'll Like It

> *Creation is great, and cannot be understood.*
>
> *Carlyle*

> *What is now proved was once only imagin'd.*
>
> *Wm. Blake*

Creativity is a significant, sudden advancement. It is not luck. It doesn't just happen. It happens within a discipline framework and often in an environment of pressure. And it can happen more often.

There is no recipe for creativity, but some ingredients have been identified. Administrative creativity can be increased by (1) working with your own mind and (2) encouraging a creative work environment. What follows is a description of some ideas that work for me.

First, develop your own mind. Who you are and how you think affects the organization you help manage.

1. *Know your own mind.* Pay attention to how your mind works. Do you understand ideas better if they are written down, discussed, or when they are visually illustrated? Do you get your best ideas in the shower or on vacation, when you have gotten away from the problem? Many of the principles of time management are suggestions for accommodating the way your mind works and the time when you work best.

   The flip side of accommodation is discipline. Discipline your mind. Practice expressing ideas differently, approaching problems differently, thinking differently.

   One good way to teach your mind how to think differently is to learn how other people think. Education is exposure to how other people approach problems. The value of a liberal arts education is the exposure to different *ways* of thinking, not just different thoughts. It is important for administrators to read novels and plays, go to symphonies, and do things that are not "administrative." These activities make one a more complete person, introducing other worlds where other people are thinking and being quite creative. Borrow ideas and approaches from other people.

2. *Change perspectives.* Creativity is facilitated by focusing, then withdrawing to see whole picture. Creative administration requires a look at the specific problem and the context in which the problem appears. Part of changing perspectives is developing the capacity to let go. Administrators hold on a lot. We have a lot of concepts that we have spent a lot of time, money, and ego developing, so we like to think we are right. That is why change hurts.
3. *Ask different questions.* Rephrasing a question elicits another set of strategies or answers. Frequently, administrators spend time looking for answers. One of the most fruitful endeavors is to ask different kinds of questions.
4. *Be comfortable with ambiguity.* There are not always answers to questions. Things are not always clear. Think of ambiguity as the chaos before the order, the darkness before the dawn. Once assumptions are challenged, there will likely be a time of fluidity, of uncertainty before new ideas emerge.
5. *Rediscover and value your own non-rational mind.* Some of these suggestions may sound strange. It is a new area for public administrators. Some ways to access the non-rational part of the mind are:

   Analogies. The images that come to mind when explaining a problem can provide clues about solutions.

   Surprises. A surprise is a challenge of assumptions. Challenging assumptions is a first step in creativity.

   Random Thoughts. Ideas that come "out of the blue" can sometimes be very useful.

   Meditation. Relaxation. Rest the verbal problem-solving part of the mind. Imagination, day dreaming, or mental rehearsal can provide surprise solutions.

   Dreams. Dreams are messages from the unconscious and, with help, can be interpreted and used. The scientist who dreams an image and later recognizes it as the structure of a molecule is an example of the user of dreams.

> *A new theory to fit the new reality will be a long time coming. For a new theory to be more than idle speculation and vague dreaming, it must come after the event. It codifies what we have already learned, have already achieved, have already done. But we cannot wait till we have the theory we need. We have to act. We have to use the little we know.*
>
> *Peter Drucker*

Second, develop a creative work environment. Among the many techniques available to public administration are:

1. *Model creative behavior.* Ask questions. Seek out and listen to other peoples' ideas. Administrators need to manage time so that they and their staffs can take vacations.

2. *Effective meetings.* Use "brainstorming" sessions, or meetings where everybody participates more or less as equals to generate ideas. There is no evaluation of the ideas as they are presented. The purpose of a brainstorming session is to generate ideas regardless of how absurd they seem at the time. Leave the evaluation of ideas and the planning of action to the *next* session. Make use of group leadership techniques to have more effective meetings.[5]
3. *Rotate management.* Management rotation, reassigning a manager to a different job, provides a fresh perspective without hiring or firing staff.
4. *Get new input.* Seek out and use employee and citizen surveys, community meetings, discussions with the business community, academia, other managers.
5. *Have a deliberate, long-term management training program.* Use organizational development and team-building techniques—regularly.
6. *Value innovation.* Recognize and reward good new ideas. Realize that one of the risks of creativity is failing. Management is not knowing the right answer all the time; management is knowing how to work out of the mistakes one will inevitably make. "Failure" then becomes a new challenge for the creative mind, not a fear that stifles innovation.

> *You can only be as good as you dare to be bad; as right as you dare to be wrong.*
>
> *Anon.*

Administrative creativity is firmly based on knowledge, and administrative skill. Within that disciplined framework, an administrator—and organization—can cross boundaries, test assumptions, improve, change, and have more fun.

Where Do We Go from Here?

> *We will ever strive for the ideals and sacred things of the city, both alone and with many. We will unceasingly seek to quicken the sense of public duty. We will revere and obey the city's laws. We will transmit this City not only not less, but greater, better and more beautiful than it was transmitted to us.*
>
> *Oath of the Athenian City State*

I do not advocate the abandoning of rationality or rational techniques. Mathematical modeling, statistical analysis, operations research, and other similar techniques are helpful, particularly when they are aided by computer technology. As it has done in other fields, automation frees the administrator from routine tasks so he or she can concentrate on creative problem-solving.

What I advocate is balance. Either a rational or non-rational approach can be over-used. Neither is sufficient unto itself. Both are useful at times.

What I would like to see is a new theory of administration that extends the best organizational experiments and experience.

The decades ahead will not be easy for public administrators, but it is important that we keep at our tasks. Somewhere, there is a ten-year-old who may one day read this article.

Notes

1. See Charles E. Lindblom, "The Science of Muddling Through," 19 *Public Administration Review,* 1959, pp. 79–88. Quotations from Lindblom are from this text unless otherwise noted.
2. Yehezkel Dior, "Muddling Through—'Science' or Inertia?" 24 *Public Administration Review,* 1964, p. 154.
3. Charles Lindblom, "Contexts for Change and Strategy: A Reply," 24 *Public Administration Review,* 1964, p. 157.
4. Amitai Etzioni, "Mixed Scanning: A Third Approach to Decision Making," 27 *Public Administration Review,* 1967, pp. 385–92.
5. See Neely D. Gardner, *Groups Leadership.* National Training Development Service Press, Washington, D.C., 1974.

Conducting Policy Analysis in Higher Education

JUDITH I. GILL AND LAURA SAUNDERS*

Policy analysis is a real-world phenomenon and, as such, is subject to all of the ambiguity characteristic of real-world problems and issues. Policy analysis describes a type of applied research and analysis conducted for policymakers to assist them in the decision-making process. Policy analysis is broader than an analysis of a policy issue, or development of a policy statement. It can include an analysis of the impact of an existing policy, or an analysis of activities having a direct or indirect relationship to policy. For example, it can include an analysis of issues affecting enrollment policies, student rights issues, or issues influencing faculty hiring and promotion decisions.

Policy analysis in higher education requires an understanding of the issues, but, equally important, it requires an understanding of the higher education environment, including interrelationships of forces and structures within the environment. Any attempt to develop recommendations on faculty hiring, as Elms (this volume) explains, is meaningless without an understanding of the role of departments and colleges.

Policy analysis is not a discrete, self-contained activity. It is a process involving continuous review and evaluation of new information against existing information. It is a process that is sensitive to organizational culture and politics, and that continuously scans the environment looking for important interactions among people, resources, and organizations. It also requires a focused examination of factors affecting policy implementation. Policy analysis is a fascinating process, and because limited fiscal resources require tough decision making involving interdependent activities, it is critical to the development and maintenance of a quality system of higher education.

In this chapter, we lay out a road map for the policy analyst. However, the analyst's path is unlikely to be a straight line from beginning to end. Try to visualize a length of helix coil: The issues in the analysis are strung out along a spiral that cuts through a variety of environmental and structural issues, and many issues will be examined more than once in the course of the analysis. The road map for conducting policy analysis in higher education is diagrammed in Figure 1. The repetitive nature of policy analysis is highlighted by the interrelationships among the policy analysis stages, policy analysis tools and the outputs of analysis.

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* *Note:* The authors would like to acknowledge the assistance of Dr. Ellen Wagner, professor of education, Northern Colorado University, for her assistance in developing Figure 1, Conducting Policy Analysis in Higher Education.

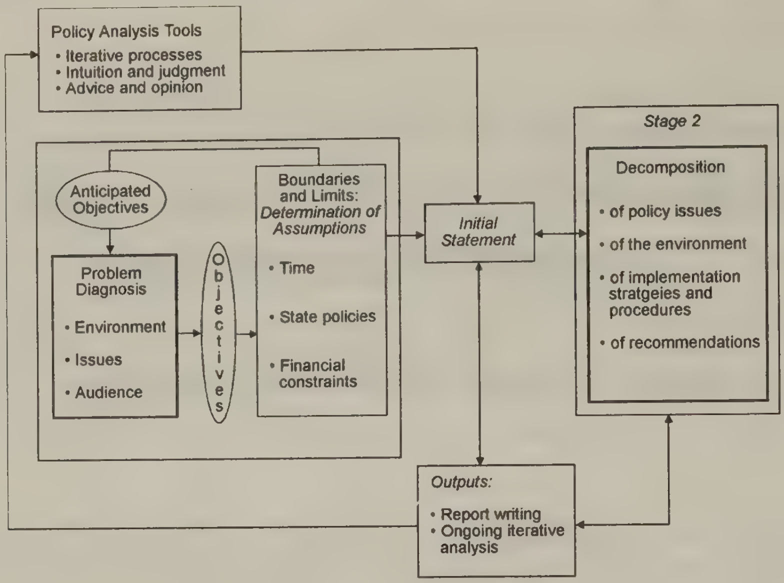
Policy Analysis Tools
• Iterative processes
• Intuition and judgment
• Advice and opinion
Anticipated Objectives
Problem Diagnosis
• Environment
• Issues
• Audience
Objectives
Boundaries and Limits: Determination of Assumptions
• Time
• State policies
• Financial constraints
Initial Statement
Stage 2
Decomposition
• of policy issues
• of the environment
• of implementation stratgeies and procedures
• of recommendations
Outputs:
• Report writing
• Ongoing iterative analysis

FIGURE 1. Conducting Policy Analysis in Higher Education

Policy Analysis Tools

The policy analyst uses three basic tools: the iterative process, intuition and judgment, and the advice and opinions of others. The iterative process is a requirement because most decisions, especially those important enough to require policy analysis, will affect other policies and practices. This spillover effect is widespread in higher education because colleges and universities have interdependent relationships with their environments; they do not exist as closed systems.

The iterative process of constant examination and reexamination may be frustrating and, to some, may appear redundant. However, if a combination of common sense and intuition are used to ensure that the objectives of the analysis are maintained and that the boundaries remain realistic, the iterative process ensures good analysis; and good analysis is analysis that can be used because it has been developed by continuous measurement against real-world factors.

While the rational higher education environment does not easily admit to the role of intuition in analysis, it is an important tool. Policy analysis requires an accurate reading of the politics of the organization and its people, and this is based as much on intuition as it is on rational and logical analysis of an issue. Intuition is honed by years of experience in the organization and an understanding of and sensitivity to the forces that affect change. Recommendations that are a logical outcome of good analysis, but deficient in the understanding of politics, will miss the mark. Mortimer (this volume) provides two excellent policy analysis examples that were analytically correct but politically wrong and thus significantly flawed.

Finally, the true test of policy analysis is in the real world, and the policy analyst is rare who has or who can gain, in isolation, a comprehensive understanding of all of the issues that should be considered. Therefore, field testing is an important analytical tool. There are several approaches that can be taken to field testing, but one of the more useful is to identify a panel of advisers and use these individuals to discuss the analysis as it proceeds.

Unlike an objective fact-finding panel, the policy analyst wants advisers who have vested interests or even biases in the policy area. Unbiased reactors do not provide crucial information on acceptability and implementation in the real world. This field-testing group should have a commitment to the issue and some area of expertise that expands the analyst's understanding.

Advisers are an invaluable source of information. They can save the analyst substantial time in researching the issues. They serve as reactors to the analytical work throughout its course. The sense of the experienced institutional observer or politician as to what will or will not work in a particular setting can save the analyst from embarrassing misstatements.

Field testing is conducted when there is new information to be examined, when there are significant changes in the environment, and when models and recommendations are being discussed. Field testing eliminates some of the surprises that frequently accompany the announcement of recommendations, surprises that may impede or kill the adoption of recommendations.

There are risks to field testing. Because the advisers have vested interests, they may lobby the analyst into a position that clouds objectivity. However, the benefits of an advisory panel outweigh the costs because the failure to consult with others limits the opportunity for comprehensive understanding of the issues.

How to Do Policy Analysis

Writing about "how to do policy analysis" is difficult because the process is not linear; each step does not follow from the previous one. The following description of "how to do" is grouped by general features, but the order may vary in any given analysis.

There are two major stages of analysis. The first is a mini-analysis of the problem to be investigated. It requires an identification of the study's objectives, environment, and limitations. It concludes with the development of an initial statement of analysis. This statement is the foundation for the second stage of analysis where many interdependent components of the issue are investigated and recommendations tied to the objectives of the analysis are constructed.

Stage 1: Diagnosing the Problem. The policy analyst's work begins with a preliminary sketch or initial statement of the issues and factors to be included in the analysis. The statement may best be understood by thinking of it as the strategy for analysis. It should be written, because the writing process is an analytical tool. If possible, it also should be reviewed and approved by the person making the assignment; this usually is the policymaker who will use the analysis. Jordan (this volume) provides a good example of an initial statement of analysis that guided the enrollment planning analysis used by the Arizona University System.

Because university life and activities within its environment do not stop while analysis is conducted, the initial statement may require modification as work progresses. For example, Olswang (this volume) explains how the University of Washington's initial strategy for investigating a sexual harassment complaint was changed because of a newspaper advertisement.

Most analysts expect continuous modification of their analysis strategies. Unlike a controlled laboratory experiment with a predetermined protocol, policy analysis is analogous to investigatory laboratory work. The analyst starts with a general idea of what to expect and how to proceed but is open to new ideas that are formulated as data are collected and analyzed.

The policy analyst who is inflexible and unwilling to make changes to the initial strategy may end up with recommendations that are not useful because they are not applicable to an environment that changed while the analysis was being conducted. If the recommendations do not reflect new information as well as the changed environment, they may not be adopted. As in legal cases, the analysis may become moot.

Defining the Objectives. There are two kinds of objectives that must be understood and accounted for in the analysis: the assigned objective of the study and the objective of the policymaker. There may be several objectives within each category, and there may be conflicts among the objectives.

The analyst begins by clarifying the study's objectives. Answers to very basic questions are needed: Why should the analysis be conducted? And what are the intended outcomes of this analysis? The objectives are the reasons for conducting the analysis. They can include policy clarification, evaluation of the impact of policy, or identification and analysis of practices that have an impact on policy. The intended outcome of the analysis may be a recommendation for policy revision, adoption of new campus practices and procedures, or development of a model to predict certain outcomes based on given policies or environmental conditions.

In 1990, the Western Interstate Commission for Higher Education (WICHE) began an analysis of the relationship between higher education and the economy, the objective of which was to help state policymakers understand this relationship so that higher education's role in improving the state's economy would be considered during the budget development process. The intended outcomes of the study were policy recommendations promoting a strengthening of this relationship (Western Interstate Commission for Higher Education, 1992).

Higher education policy analysis is most frequently conducted to assist in the decision-making process of policymakers such as a university administrator, a governing board member, or a legislator. Therefore, the policymaker's objectives must be understood. However, the assigned objective of the analysis may not always be the policymaker's objective. For example, the objective of the analysis may be to demonstrate institutional accountability to a state higher education coordinating board, and the desired outcome may be no change in current campus practices and policies. The analyst needs to understand these circumstances and prepare accordingly. The naive analyst may arrive at loggerheads with institutional leaders if the objective is not understood and taken into account in the preparation of the analysis. Unless the real objective is understood, many hours of analytical effort may be spent in areas that do not meet the policymaker's objectives.

In the problem diagnosis stage, possible conflicts among objectives may also be identified. The objectives may inherently conflict with the interests of important constituencies as well as produce tension between the analyst and the policymaker. These conflicts in objectives need to be identified early in the analytical process so that they can be resolved or so that factors related to areas of conflict can be addressed as part of the analysis.

A final word about defining the objectives of analysis: The analyst must not expect the objectives to remain static and unchanging. The objectives of analysis, as well as the intended outcomes, may change over the course of the investigation as more information is learned, better data are gathered and examined, and a more complete understanding of the underlying factors is gained. Stubborn adherence to the original definition of the objectives may limit the analysis unduly and preclude a full examination of the issues.

Understanding the Environment. Policy analysis requires a comprehensive understanding of the environment and culture affected by the policy being examined. This includes an understanding of the organization's values, important current and historical issues, and the organizational structures and decision-making processes.

The environment makes higher education policy analysis different from public policy analysis focusing on federal, state, and local government issues. The higher education environment is dominated by a culture that includes faculty governance, autonomy, and academic freedom; the values of teaching, research, and public service; and, at public colleges and universities, accountability issues.

A basic list of environmental factors includes key individuals who are currently identified with the issue or who may become involved (for example, institutional administrators, staff, faculty, students, governing board members, community leaders, and elected officials) and the responsibilities and influence of these individuals in the operation and decision-making structure of the organization. An understanding of past organizational struggles of a similar nature may help in identifying these individuals.

Identification of important factors provides clues to the location of studies that may prove beneficial to the analysis. Institutional histories and discussions with other analysts who have studied similar issues may provide meaningful insights.

The higher education policy analysis environment includes everything and everyone that has an interdependent relationship with issues being analyzed. But time and resources limit the number of factors that can be included in the analysis. Therefore, the analyst has to identify those factors having the greatest influence on the issue.

The analyst understands that just as the objectives may change over the course of the study, so too does the environment. To adapt a term from computer science, policy analysis is conducted in "real" time, and the world of the institutional executive or state official does not stop while the analyst works. It is imperative that the analyst keep abreast of changes in the environment while work is in progress so that when the analysis is completed, the result fits the real world. For example, recommendations for tuition increases based on an analysis of the relationship between tuition and access policies that did not consider recent action to reduce student loan program funds would be unrealistic.

Boundaries and Limits. Identification of the assumptions that guide analysis is an important component in the diagnosis of the problem. Assumptions provide boundaries for analysis and are factors accepted as truth. Four primary assumptions guided WICHE's analysis of the relationship of higher education to the economy: (1) Higher education's role in the economy is far more comprehensive than is its contribution to economic development. Through teaching, research, and public service, higher education's role involves a wide range of activities from improving the quality of life to promoting economic growth. (2) State policies can serve to strengthen the relationship between higher education and the economy. (3) Financial constraints, in large part, will determine the feasibility of implementing policy recommendations. (4) Because of financial constraints, new models of cooperation and better differentiation among colleges and universities may be needed if higher education is to contribute more effectively to society and to the economy.

Boundaries also are provided by the seriousness of the issue, the environment, and the social forces at play. Policy analysis in a crisis is somewhat different, at least in degree, from policy analysis undertaken in a calm and dispassionate environment. For example, for many colleges and universities, the analysis of divestiture of institutional holdings in South African stocks needed to be done quickly, had significant implications for the institution's credibility with students and other constituent groups, and carried significant financial consequences. The urgency of the issue gave a far different feeling to the policy analysis than would have a long-range financial plan of desired investment yields.

The methodology used in analysis also provides a significant boundary, and it should be identified in the initial statement. It should include not only a brief description of the quantitative and qualitative approaches to be used but also an identification of who and/or what will be consulted for data, opinions, institutional history, and comparative information.

In the course of analysis, the boundaries of an issue almost always expand; therefore, it is important that the initial diagnosis be focused, and that the impact of time and resource limitations on the analysis be identified. Boundaries frequently are determined by the amount of time that can be devoted to the analysis. Deadlines are boundaries that have a particularly formative effect on policy analysis. Frequently, policy analysis work is time-dependent. Rough and timely, rather than exhaustively complete, are the watchwords of the policy analyst.

Initial Statement. The initial statement is the diagnosis of the issue. It identifies the objectives of the analysis, including intended outcomes, important environment factors, and the initial boundaries for analysis that will guide data collection and other research activities. The initial statement also defines the strategy for analysis. It may include the language of the initial request for analysis. It is, however, a far more comprehensive statement. It is the guidepost used throughout the process to judge whether the developing analysis is meeting its objectives.

The write-up of the initial statement provides the opportunity to identify clearly the problems, ambiguities, conflicts, scope, and resource costs. A written statement can serve as the document of agreement between the analyst and the person who made the assignment. Discussion of the written statement can highlight disagreements about or misunderstandings of terms and language.

Terms must be defined and agreed on. Assumed definitions, like assumed values, can be mine fields for the unwary analyst. “I didn’t know that was what you meant by retention!” can be the death knell for a substantial piece of work. Language is the tool of the policy analyst, and nowhere is its care and precision more needed than in the initial statement.

Stage 2: Unraveling the Policy Analysis Knot. The initial statement is the analyst’s framework for conducting policy analysis, and the analyst will continually refer back to this statement when examining new information.

Four Basic Components. The primary components of policy analysis are the policy issue, the environment, the factors affecting policy implementation, and the proposed alternatives or recommendations. The attention given to each component depends on its relative emphasis in the initial statement of analysis, as well as its importance in the analyst’s growing understanding of the issue. If the initiative for policy analysis is a recommendation for developing assessment outcomes, the focus will be on understanding assessment issues. If the initiative is politically motivated, considerable attention will be focused on the environment promoting political concerns. If faculty behavior is being studied, the analysis may emphasize factors affecting the implementation of faculty policies. If the legislature is demanding change, the focus will be on the development of recommendations for new policies.

Of the four components, an understanding of the policy issue is typically the most straight forward. Information may come from available data sources, literature reviews, and surveys that the analyst designs and conducts. An understanding of the environment, identification of factors affecting policy implementation, and development of recommendations or models are more cumbersome. These components require comprehensive knowledge of the organizational structure its decision-making mode, its information networks, its culture and history, and its people and resources. As well as the individual elements, the analyst also must consider the interrelationships among these factors.

Complex interrelationships are involved in most policy analysts work. The following examples of policy questions illustrate this complexity. First, how will state revenue declines affect the recommendation for a small business development center at a land grant university? Long-range and short-term state and university needs must be examined. Although the center may contribute to state economic development, revenue declines may mean that it only can be funded at the expense of some other project. The federal government will support some of the program costs, thus bringing new dollars into the state, but these dollars will be lost if the state cannot provide its share of needed dollars. Extension programs are an important component of the land grant university’s role and mission, and in the twenty-first century the definition of extension should include small business development centers.

Second, how do faculty tenure and promotion policies affect the board of trustees requirement that the college give more attention to teaching? Most tenure and promotion decisions are made by faculty committees in the discipline, and research, not teaching, is the valued activity. Standard criteria exist for evaluating outstanding research. What are the criteria for evaluating outstanding teaching? The outstanding teacher is not the highly sought out faculty member, the outstanding researcher is. External funding is available for research activities, not teaching.

Third, how do accreditation requirements affect the development of telecommunications programs in the health sciences? The health sciences have very strong professional standards and accreditation associations. Many courses offered via telecommunications cannot be evaluated by the same standards as applied to traditionally offered courses. Most professional accreditation associations are dominated by faculty members. The number of faculty members who endorse the offering of telecommunications courses is limited, as is the number who have actually used telecommunications.

A policy analyst's greatest asset is his or her understanding of the higher education environment, and of the many different avenues that need to be explored to determine the potential impact of decisions on institutional policies and practices. However, most policy analysts are generalists, and they should not be expected to understand all of the details of complex problems. Their role is to know where to begin, how to develop the analysis, and how to wrap it up. A detailed understanding of issues can come from other resources and people.

Policy Issue. The process of gaining an understanding of the policy issue is frequently identified in the literature as policy research. Information on policy issues may come from literature reviews, a network of colleagues, campus surveys and data bases, and campus faculty. A literature review frequently provides useful initial insights and may identify methodological frameworks that can be used to array important factors. Examination of existing reviews of the literature (such as those produced in the ASHE-ERIC series), or recent topical articles such as those found in the New Directions for Institutional Research series, can help to identify critical factors. Colleagues can provide information on the development and implementation of similar issues on other campuses. And reviews of available data bases can provide clues to what information is known and what additional information may need to be collected.

Analytical tools are used throughout the investigation to gain a better understanding of the issue. The policy analyst should have a fairly broad acquaintance with the social science research literature since frameworks from a variety of disciplines can be helpful in identifying relevant factors. For example, economic factors are important in understanding issues related to student enrollment trends, while knowledge of small group behavior and organizations may be more helpful in looking at alternative organizational forms for faculty governance.

The seasoned analyst also knows that many higher education issues are recycled issues; not only do they reflect trends in the larger society that are cyclical in nature, but they reflect institutional dynamics of birth, growth and maturity, and decline. Issues related to economic factors are among the most common. The recessions of the mid-1970s and early 1990s brought to institutional attention many of the same issues: balancing of demand and resource constraints, quality and access, and faculty productivity. The fact that so many higher education issues are recycled highlights the importance of understanding their histories of analysis and policy implementation. Incorporation of the results of earlier studies ensures continuity and provides a more comprehensive overview of an issue.

Environment. In stage 1, diagnosing the problem, the analyst identifies the broad array of environmental factors important to the analysis. These factors include people and organizations; policies, practices, and laws; and histories, values, and trends. In stage 2, the interdependency of these factors is fully examined, and as greater understanding of these factors develops, the list may grow.

In assessing the policy environment, the policy analyst assumes the role of institutional politician and gives attention to significant groups within the college or university, as well as to groups external to the institution. Different groups have different interests in policy. Some policies may be of interest to a large number of groups, and others may affect only a small number of people. Understanding the formal and informal authority and prestige structure within an institution is important to understanding the connections among factors.

The analyst must understand the factors that will constrain the implementation of policies and practices and therefore limit the kinds of decisions that can be made. Constraints may be legal: state statutes, administrative procedures, or riders to appropriations acts. Or they may be matters of political and social custom. In the latter case, constraints are sometimes qualified: they may be more or less of a constraint depending on other factors. For example, funding for faculty merit increases may depend on the amount of dollars that are left in the salary pool after allocating cost-of-living increases for all faculty. Political constraints can be internal to the institutions and related to people or culture (for example, involvement of the faculty senate president at meetings of the board of trustees), or external and related to the roles or personalities of governing boards members, state legislators, other college or university administrators, or the general public (for example, unofficial presentation of the university budget request to the higher education coordinating board before it is formally submitted to the governor).

An understanding of the environment is the key to good analysis, and because higher education is a unique organization, the analyst must have a comprehensive understanding of the traditions, values, purposes, and operations of colleges and universities. One of the unique components of higher education as an organization is that although colleges and universities are formally organized along hierarchical lines, there are significant players who do not fit in a neat linear organizational chart and have no formal role in the decision-making process. If recommendations are developed without taking account of significant groups (such as members of the faculty or the student senate), they will have little or no chance of being successfully implemented. It makes no difference that some of these groups do not show up as a box on an organizational chart.

The environmental factors provide clues to the level and type of data and analysis that are needed and appropriate. Recently, several reports were released proclaiming a significant faculty shortage in the late 1990s. Many of these studies based their conclusions on nationally aggregated data. While these reports provided important information, their conclusions were not appropriate to individual colleges and universities. Higher education policy analysts know that institutional decisions related to future faculty supply and demand require institutional data on faculty retirement rates, faculty separation rates and reasons for faculty attrition, student enrollment trends and projections by college, national trends in the number of Ph.D. recipients, and national and local nonacademic employment markets for Ph.D. recipients. Some of these data are hard to collect, for example, national employment markets for Ph.D. recipients, and some of these data may be sensitive, for example, reasons for faculty attrition. Higher education policy analysts also know that if the state coordinating board and/or legislature wants a general idea of the state's faculty supply and demand picture, the required data collection activities will depend on the use of common definitions by colleges and universities. Development of common definitions will be institutionally sensitive.

Implementation and Recommendations. Intended outcomes of analysis are usually recommendations for policy changes, new policies, new practices and procedures, or models that provide a better understanding of the consequences of policy actions. While policy analysis usually does not include implementation activities, a comprehensive analysis needs to consider the factors affecting the implementation of the recommendations.

Intuition, field testing, and the iterative process of analysis provide significant clues to the likelihood of recommendations being implemented. From these policy analysis tools comes the ability to develop realistic recommendations. However, if time permits, the best approach to developing realistic recommendations is to discuss preliminary recommendations with individuals who will have a role in the implementation of "the real thing." The practice of trying out an idea on experienced players can eliminate the initially attractive but infeasible proposal. Presidents and chancellors may have a limited number of issues that they will champion at any one time. Effective presidents develop a strategic sense of what will and will not work on any policy issue.

In developing recommendations for the WICHE project on higher education and the economy, staff analysts discussed with state and higher education policymakers implementation issues relating to draft recommendations calling for greater campus accountability in the use of state funds. While state leaders supported the recommendations, campus leaders indicated frustration with the continual call for accountability in the wise use of state funds which are insufficient for meeting the state's demands. These conversations led to revisions in the recommendations.

The recommendations finally presented to the WICHE commissioners called for the adoption of a state strategic agenda for higher education that identifies both the funding needed for meeting state priority needs and the campus that will meet each need. Campuses are to be held accountable for meeting the specific needs that have been identified and funded. The revised recommendations were adopted.

Initial recommendations or models should be refined and revised after reviewing implementation possibilities. For each recommendation, the analyst must ask, Can it work? Is it likely? Is it reasonable? The goal is to develop the "win-win" recommendation. But policy changes often engender conflict. Given a relatively short time frame and a constrained and politicized environment, the win-win outcome may simply not be possible. In these cases, the analyst should consider discussing the results and recommendations of the analysis with groups that will be negatively affected by the proposed policy, prior to submitting the analysis. Except in political campaigns, the doctrine of no-surprises is almost always a good strategy to adopt and may enable, through minor revisions, the development of "win-almost win" outcomes.

The development of recommendations is shaped by everything that has gone before. The checklist for the final draft of recommendations should include answers to the following questions: Are the objectives addressed? Can they be implemented? Have constraints been addressed?

While policy analysis depends on and draws from research studies, the standards for developing alternatives and recommendations come more from the political arena than the methodological and quantitative arena. However, this does not preclude development of creative recommendations.

Recommendations and models that have been tried in other institutional settings should be included in the final report. Well-publicized solutions adopted at prominent institutions provide reference points for the decision maker and the analyst.

Written Report

The development of recommendations is not the final stage of analysis. The writing process involves considerable analysis in itself. Because writing is an analytical tool, the analyst should not avoid writing until all of the variables are accounted for and the recommendations developed.

The analyst presents the work in a final written report. In addition to brief reviews of the literature and environmental and other factors influencing the study, the main body of the written report focuses on the recommendations and the implementation issues, including, as mentioned above, examples from other states or colleges and universities. A rationale is needed for each recommendation, but the methodology used in the analysis should be very brief or included in an appendix. As a rule, a policy analyst cannot expect the policymaker to read a detailed report. Therefore, the most salient issues must be presented concisely. The analyst must also remember the audiences for the report and provide information in a format and language appropriate to them.

Reference

Western Interstate Commission for Higher Education (WICHE). *Meeting Economic and Social Challenges: A Strategic Agenda for Higher Education (Policy Recommendations).* Boulder, Colo.: WICHE, 1992.

PART II

CURRENT ISSUES IN PUBLIC POLICY AND HIGHER EDUCATION

The Evolution of Access Policy: 1965–1990

JUDITH S. EATON

Access has been central to higher education public policy development since the end of World War II. Beginning with the passage of the G.I. Bill (1944) and the National Defense Education Act (1958) and culminating in the Higher Education Act of 1965, the concept that college and university education needs to be increasingly available to citizens was embedded in federal legislation. Billions of dollars have been spent on access annually. The investment has grown consistently over the years.

This paper outlines five stages of access that have resulted from our attention to this national public policy issue through the taxpayer financing of individual students and through federal student aid programs. It also considers the weakness of efforts to assess the effectiveness of access policy to date, and identifies elements central to the development of future access policy.

This paper sees access policy development as a complex matter involving difficult and changing educational, social and political decisions. Access goals have varied over time. Access expectations have not always been clear. Because of these complexities, it is difficult to determine whether or not a public policy commitment to higher education has been successful.

The Evolution of Access: Five Stages

The stages of access have evolved from the single principle of providing greater participation in higher education to a layering of multiple principles. The question of whether we have access sometimes has been answered in financial terms, sometimes in academic terms, sometimes in race and gender terms and sometimes in terms of higher education's responsibility for distribution of current students among higher education institutions. And most recently it has addressed the matter of motivating future students.

Initially, a public policy commitment to access meant devising a strategy to overcome financial obstacles to college attendance for returning veterans. This policy acknowledged military service during World War II and helped young men and women make up for time spent in the military—time which might have been devoted to completing education, starting a career, or starting a family. The Higher Education Act of 1965 extended the principle of financial assistance to the general population. If one were able to gain admission to a college or university, lack of money should not prevent you from attending. The Act intervened for those who were interested in college work and academically able but who lacked the funds to pursue a collegiate career. The support was available mainly to attend not-for-profit two- and four-year schools.

The dramatic expansion of community colleges beginning in the mid-1960s, the open admissions movement as exemplified by the efforts of the City University of New York in the early 1970s, and the perceived decline in the quality of elementary and secondary education all signalled a significantly altered approach to access. As admissions practices shifted away from demanding that students be academically prepared, the universe of students for whom access should be available enlarged considerably. Access was no longer only a matter of overcoming financial barriers for the academically able. Access commitment became a matter of assisting students to overcome inadequate academic backgrounds. Access meant overcoming the barrier of limited finances *and* acknowledgment that lack of academic preparation should not constitute a barrier to college attendance. Matriculation status became less important, too, as the number of open admissions institutions grew and as many other institutions relaxed admission requirements.

During these first two stages of access, as we moved into the mid-1970s, higher education enrollments reflected extraordinary growth. Enrollments more than doubled in the 1960s and, during the first half of the 1970s, enrollments increased by 30 percent. Colleges and universities enrolled approximately 6 million students in 1965, more than 11 million students in 1975 (USDE, 1989) and an estimated 13.9 million in Fall, 1990 (USDE, 1990). The enrollment growth among women was particularly remarkable: women were approximately 38 percent of enrollments in 1965 (2.3 million students), 45 percent of enrollments in 1975 (5 million students) and 55 percent of enrollments (or an estimated 7.6 million students) in Fall, 1990 (USDE, 1989; USDE, 1990). The absence of comparable data about minority enrollments between 1965 and 1976, makes it difficult to characterize minority enrollment growth during this period. Based on available information, authorities tend to agree that minority enrollments grew significantly between 1965 and 1975 (see, for example, Hauptman and Andersen, 1988; Stampen and Fenske, 1988).

As interest in the education of minorities and women intensified during the 1970s, access as a public policy matter came to mean not only overcoming financial barriers for the academically prepared and addressing the barrier of under-preparation *but also* placing a special emphasis on gender and minority status. Institutions focused on modifying their admissions practices and policies and their financial assistance programs available to students in order to increase the numbers of women and minorities they enrolled. In 1976, the first year for which minority data are available, blacks, Hispanics, Asians, and Native Americans made up 15.4 percent (almost 1.7 million) of total enrollments in higher education. Minorities constituted 16.1 percent (1.9 million) of enrollments in 1980 (USDE, 1989). In Fall, 1988, there were 2.4 million minority students or 18.4 percent of total enrollment in higher education (*Chronicle,* April 11, 1990). Minority enrollment gains from 1.7 million in 1976 to 2.4 million in 1988 constituted a 40 percent increase in minority students. During approximately the same time period, between 1976 and 1987, the general student population increased from more than 11 million to an estimated 12.7 million or more than 15 percent. Enrollment of women continued to increase from 5.2 million in 1976 to an estimated 6.8 million in 1988, a growth of more than 30 percent.

As we moved into the 1980s, access also became important in relation to choice: at least in the case of minorities, women and disadvantaged students, the perceived status and quality of the institution one might attend was an index of the impact of access. The extent to which the education community, however unintentionally, segregated students by race, class, and sex became a yardstick by which to measure the failure of access. "Educational segregation" refers to students of specific race, gender, or socioeconomic status confined to specific sectors of higher education. It refers to women and especially minorities concentrated in some sectors of higher education with limited opportunity for them to participate in other sectors. In this context, the community college sector was most likely to be accessible—serving the greatest number of minorities and women. It was followed by state and regional colleges. Private liberal arts colleges and doctoral-granting research universities were serving the fewest numbers of women and minorities. The rule of thumb that could be applied to access was that the less prestigious the institution, the greater the presence of minorities and women.

McPherson and Schapiro (1990) point out that white students made up 90 percent of the enrollments at private liberal arts colleges and 77 percent of the enrollments in two-year colleges in 1987. At the same time, black students made up 6 percent of the enrollment in private liberal arts colleges and 9 percent of the two-year college student enrollment. They note that income has a direct impact on the likelihood of attending college directly from high school and on the type of college attended. Citing Astin (1988), they indicate that students with family incomes above $60,000 per year constitute less than 18 percent of community college freshmen but more than one-half of the enrollment at private universities.

This educational segregation of students produced another challenge for the public policy commitment to access and resulted in another expansion of access. That expansion was reflected in movement first from overcoming financial obstacles to overcoming academic preparation obstacles, next to further serving women and minorities, and finally through participation at elite institutions.

As the 1980s ended, access policy took on another dimension: it came to include taking responsibility for motivating marginal students to attempt higher education. Access responsibility at this stage moved beyond enabling those already interested and ostensibly prepared for the collegiate experience, to encouraging and assisting those who were not prepared and perhaps not interested. Access, as responsible public policy, came to mean an obligation for intervening in a potential student's life well before he or she attempts college work. Access policy had come to mean that higher education had responsibility for getting students onto college campuses, as well as assisting them once they were there. One important implication for access policy at this stage was additional responsibility for colleges in improving the effectiveness of elementary and secondary education. Higher education's role in elementary and secondary school reform became a serious topic of discussion during the late 1980s.

These 25 years of access efforts can be described as a series of activities designed to overcome barriers with expectations about access following through the five stages of development. These expectations were perceived to be met when: (1) inadequate finances of the academically prepared were not considered barriers to college attendance, (2) inadequate finances *and* lack of academic preparation were not considered barriers to college attendance, (3) inadequate finances, lack of academic preparation, *and* race and sex were not considered barriers to college attendance, (4) inadequate finances, lack of academic preparation, race and sex, *and* segregation among higher education institutions were not considered barriers to college attendance, and (5) inadequate finances, lack of academic preparation, race and sex, educational segregation, *and* motivation were not considered barriers to college attendance. Access as overcoming barriers meant that the principle of participation had been preserved but significantly enriched over time to include a successively complex set of criteria which were only loosely connected to academic capacity and academic interest.

Identifying Access Effectiveness

Eventually, the five stages of access were accompanied by various attempts to identify specific indicators of access effectiveness. The general perception that some additional educational opportunity was available was not enough. In the first stage, confirmation of participation was the most common early indicator of effectiveness. The presence of veterans able to attend colleges and universities confirmed that access through the G.I. Bill had been effective. With the legislation of the later 1950s and 1960s, this came to include those who were not veterans but who were interested in college and able to handle college-level work.

With the second stage of access, policymakers inferred that access was effective by noting the expansion of the student population. Growth of college enrollments during the 1960s and 1970s especially in open admissions institutions was used as a confirmation that access policy was effective at the second stage.

As third-stage access issues focused more and more intently on minority and gender concerns, access policy effectiveness was determined by the increased presence of women and minorities on college campuses. Third-stage access involved greater emphasis on access for *groups* as compared to access for *individuals*. Notions of "representation" and "proportionality" became important. Larger numbers of women and minorities confirmed the effectiveness of access.

Fourth-stage access also concentrated on women and minorities—but especially in relation to choice by assuring that elite colleges and universities enrolled more and students who were not white men. This stage of access was a variant on the choice issue which has been part of financial aid considerations for years. Students should not only be provided with the opportunity to attend college, they should be provided with financial support to make up the difference between lower-priced and moderately-priced institutions or moderately-priced and higher-priced institutions.

Fifth-stage access was to be evaluated by the extent to which especially some racial minorities are encouraged to consider college and motivated to attend collegiate institutions. Local, state, and some federal efforts for student support models such as the Eugene Lang "I Have A Dream" program characterized this latest access responsibility. Growth in the numbers of these programs confirmed commitment to access as a matter of motivating and encouraging students to attend college.

There are other criteria by which access effectiveness might have been judged, but they have not been employed to any great extent. Although some questions were raised from time to time about student performance, access policy by and large has not been accompanied by any clear set of student achievement indicators. Attention has not been paid to the impact of access policy on degree acquisition, employment, or earnings of students. There is no national achievement profile of, for example, the federally-aided student population over time. Nor has access effectiveness been evaluated by considering persistence: did the opportunity afforded students to initiate collegiate study result in, for example, pursuing graduate education? We have not, to date, considered the contribution of access to the well-being of society. What has access produced in the way of a self-sufficient citizenry, economic productivity, civic education? Additionally, little consideration has been given to assessing the impact of public support of higher education institutions or the extent to which direct institutional aid provided especially through state governments has enhanced access by keeping tuitions lower than they might otherwise be. The effectiveness of access in these terms was not determined by *measurable* goals for the expanding general student population or for special populations such as women, poor people, the underprepared, and minorities in collegiate institutions. The points at which the student population was large enough or the enrollment of women and minorities extensive enough were not identified. Measures of access effectiveness remained vague.

As one evaluates access policy based on its fundamental commitment to the principle of participation, the growth and expansion which has characterized higher education enrollments since the 1960s should have been cause to claim victory. To the contrary, however, educators and policymakers were subject to a constant refrain of dissatisfaction about access. Because expectations of access effectiveness did not address the issue of when there was "enough" access or benchmarks of successful access, it was easy for critics to state that the commitment to access was inadequate. This may have been the result of the uneven quality of enrollment growth which was attributed to access policy.

The overcoming of financial and academic barriers (the first two stages of access) was accompanied by extraordinary enrollment gains for white students and women. We are not certain of the impact on minorities. Since 1975, further efforts to overcome the next three stages of access—race and gender barriers, addressing the educational segregation or stratification issue, and attending to motivation—were not accompanied by dramatic enrollment increases for the general student population. Enrollment gains for women and minorities, however, were greater than the gains of the general population. Further, while we can confirm that changes in enrollment patterns accompanied the different stages of access, we do not know whether or not these changes were the *result* of access policy itself. We do not have evidence to establish a causal connection.

Critics complained about the perceived limitations of availability of higher education for poor people and for racial minorities. The segregation by race and class of students into various types of institutions was interpreted as a manifestation of the weakness of access policy. Especially in the later 1980s, access policy was criticized for providing disproportionately large amounts of support to students in private career education. There was worry that racial minorities were being tracked into limited career options offered by some of these schools. In the absence of clear national expectations about the results of access policy, criticism was easy. Access policy could be criticized for not doing enough for the groups that were targeted by the different stages of access and doing too much to assist groups that are not targeted, such as white students or middle and upper income students, or students of at least average academic ability.

Zemsky (1990) summarizes concerns about participation for minorities by pointing out that:

> . . . the gap between majority and minority experiences persists, despite more than 30 years and billions of dollars spent to overcome economic and educational disadvantage. The enduring parallel lines—graphing differences in median family income, college participation, and college degree attainment—denote a social and educational agenda stalled in its tracks (p. 1).

Participation, the central principle of access policy—and accompanying achievement—have not been adequately realized, at least for minorities. Many educators would agree with Zemsky's description about the condition of higher education for these groups. The same educators disagree considerably about the causes for this. Stampen and Fenske (1988), for example, point especially to the declining availability of financial aid in the 1980s and the corresponding leveling-off of minority enrollments. Lack of financial aid resources limited access. Hauptman and McLaughlin, on the other hand, in their article for this volume suggest that participation for disadvantaged groups did not increase even when financial aid expanded.

In contrast to minorities, a strong case can be made that access policy has been especially successful for women in higher education. At the same time, just the presence of women ceased to be enough to satisfy access expectations. Serious concerns were expressed about the limited influence and authority of women in higher education. Lower faculty salaries when compared to men, fewer tenure slots, smaller numbers of women senior administrators, and difficulty in eliminating sexual harassment from the campus scene are identified as causes for worry about the climate of higher education and its messages to women students (Pearson, Shavlik, and Touchton, 1989).

Two Access Scenarios

There are two ways of thinking about how access might be improved. In one case, an academic access scenario, academic preparedness shapes the access policy. In the other case, an open education scenario, a vision of entitlement to higher education shapes the access policy. Each scenario is based on key elements which need to be addressed in the formulation of any policy to improve access: expectations of participation, identification of access barriers, choice in relation to access, and access in relation to achievement. These elements would enable us to identify conditions of national access success.

An Academic Access Scenario. In an academic access scenario, the strategy is to improve the ability of the targeted populations to achieve academic success. The participation expectation here is that only those who have met academic performance standards will be part of the collegiate experience. Factors such as income, race, and gender would not be taken into consideration. The critical access barrier to be overcome would be academic preparedness. The access policy would then invest heavily in enrolling those students who were academically prepared or in assisting potential students in developing needed academic skills. Choice could be a feature of this approach to access: students who demonstrated the greatest levels of academic proficiency would have access to institutions with the most demanding academic standards.

A significant achievement dimension can be incorporated into this scenario through making continued support for students contingent upon a sustained level of high academic performance and the completion of the degree. The conditions for success associated with this access scenario would involve an expansion of the enrollment of those capable of benefitting from collegiate work. Access policy would be shaped by a primary commitment to opportunity for those who are academically skilled. Given that academic performance has been related to race and class, many would find this scenario unacceptably biased against minorities and the poor. An ability-driven access policy would be seriously considered only if it could overcome the sometimes negative impact of race and class on academic performance.

An Open Education Scenario. In an open education scenario, access policy would focus on broadly-based opportunity. Participation expectations would provide for anyone who was interested in attempting collegiate work to do so. Race, gender, and income would not be factors to consider. Discontinuing a collegiate career would not be viewed as failure. Participation would be couched in terms of the opportunity to experiment with higher education. There would be no access barriers; higher education would be open. A commitment to choice would be maintained by allowing students to identify their preference for an institution and admitting them on a space-available basis. Achievement indicators would reflect commitment to formative, individualized assessment of student performance. Students who remained in colleges and universities would set their own educational goals. This access policy would be considered successful if the opportunity to experiment was there for all who attempted to use it. The policy would prove unsuccessful only if schools were forced to turn students away. Given the ongoing criticism of higher education and the oft-voiced concerns about deteriorating academic quality and effectiveness, an open education system would require a major readjustment of quality expectations and major reconsideration of traditional academic practices and values.

These two somewhat polar scenarios are presented here to make two points. First, the elements of access policy require additional clarification to be useful for policy formulation. Any number of access scenarios can be accommodated within these elements. We need to go beyond identifying, for example, "participation" or "achievement" to stipulating the *extent* of expected participation and the *conditions* of achievement. Second, access policy for the future, as with access policy in the past, will be the product of several tensions: it will be academically focused but not independent of social and political concerns. It will be a combination of academic interests and public concerns. Today's barriers to access may not be tomorrow's. Today's barriers of preparedness, gender, or finance will give way to other likely barriers—perhaps language or distance or the special concerns of increasing numbers of part-time, older students. "Achievement" will vary dramatically depending on the policy which is developed—as the scenarios suggest. The conditions of national success associated with access will also emerge as a compromise of politics and academic commitment. Choice will remain difficult for those with limited funds—unless the United States wishes to expand its present level of commitment to subsidized higher education to further reduce the effective level of tuition.

Building a Future Access Policy: Exploring Four Conditions for National Access Success

Formulating a future access policy which provides specific direction for higher education efforts requires attention to the political, academic, and social context in which the formulation will take place. It also requires a discussion of how to measure success.

This country has not been willing to date to sanction investment in access independent of whether or not access policy produces success however measured. Nor has it grappled with the question of the needed frequency of success. A coherent access policy in the future can emerge from considering the following four questions: (1) for whom do we want access (expectations of participation), (2) which potential barriers to access do we wish to overcome, (3) to what extent do we wish to provide choice as part of access, and (4) what relationship do we wish to establish between access and achievement? Conditions for success of access can emerge from consideration of these questions.

Expectations of Participation. Scrutiny of the past 25 years of access policy suggests that we have a confused array of academic, social, and financial expectations to which we need to bring order. To diminish this confusion, we need to determine for whom and under what conditions collegiate participation should be available. Expectations need to be clarified, for example, in order that access strategies are not in conflict with each other. Under what conditions would we declare a victory for access? Is access policy successful when general enrollments have increased? To what extent? Is access policy successful as judged by the presence of traditionally under-represented groups such as women and minorities on college campuses? When is presence adequate? Is access policy successful when we have accommodated diversity and have campus cultures which can be described as multi-cultural?

Access Barriers. Absence of money, racial and gender bias, lack of preparedness, and absence of motivation can all constitute access barriers. The public policy question to be addressed is whether access policy should involve resources to overcome any and all barriers to access. Or, should there be limits to the barriers which will be taken into account by any access policy? At the federal level, a series of programs begun to deal with the access barrier of finance, have come to address a variety of other perceived barriers to enrollment as well as a range of social goals which, however important, were tangential to the primary intent of removing financial obstacles to college attendance. A decision needs to be made about which obstacles public policy commitment to access will address and which it will not address. Attention needs to be paid to the means whereby new obstacles to access will be identified.

Choice and Access. The current policy commitment to access is sometimes considered inadequate if disadvantaged, minority, or women students have only the less well-financed, less-valued institutions available to them. Access, some would maintain, should not preclude choice or the opportunity to attend those kinds of institutions which are considered top quality and elite. Those who rely on public subsidy of higher education in order to attend college should not be restricted in their choice of institutions because of inability to pay high tuition and fees. There is a second choice issue here. Should access policy assist students attending more costly institutions only if these students are not white men? Or, is access intended to serve a population of students who, regardless of race or gender seek participation in these schools? Should access policy be restricted to developing heterogeneity in the student populations of especially elite institutions? This would mean that access policy should provide choice for racial minorities and women but not white men. Future public policy needs to delineate its commitment, if any, to choice in relation to access.

Access and Achievement. We know little about the achievement of students who have been the recipients of a range of federal funds for college attendance. Achievement requirements for remaining eligible for student aid are minimal. The failure to couple access policy and achievement has resulted in the conventional wisdom that the impact of access has included a diminution of educational quality and a general undermining of intellectual effectiveness in American higher education. In this view, access results in serious skepticism that any policy commitment to access can also contribute to the national needs for economic development and international competitiveness. Once the policy commitment to access went beyond the first stage of access, and particularly when access policy was separated from academic preparedness and admission to more selective institutions, the place of achievement in the policy commitment to access was at best ambiguous.

One Suggestion for a Successful National Access Policy

The conditions of success for access must be the product of our decisions about the role of higher education in our society. Is the enterprise of higher education primarily dedicated to improvement of society through ensuring individual achievement? Should the enterprise place social concerns first—intervening to ensure equity with less emphasis on individual achievement? Should we expect national goals for access to balance social equity and individual achievement? Should we establish expectations of the societal (vs. individual) impact of access? The benchmarks of success can vary greatly. Access policy needs to be addressed not as a collection of patchwork reactions to a plethora of social needs, but grounded in a coherent set of values and vision about higher education scope and effectiveness for our society. The United States sustains a loose federation of higher education institutions with a significant degree of taxpayer subsidy yet comparatively high student and family financial responsibility. In exchange, this federation is more open and flexible than higher education in most other countries. Can we retain the desired openness and flexibility and still clarify the conditions of access success?

One approach to building access policy is to make academic criteria central to future access efforts. This is a variant of the academic access scenario but it also addresses the serious social inequality concerns engendered by that scenario. Expectations of participation would focus on the primary task of increasing the academically able student population. We want access for those capable of benefitting from a collegiate experience. To the extent that this emphasis works against participation of some socioeconomic and racial groups, strenuous efforts are urgently required to end this de facto discrimination in relation to entry to higher education. However, these essential efforts cannot be the *primary* work of colleges and universities. By extending the scope of work of higher education to include *preparing* students for college in addition to its central task of *collegiate* education, we compromise higher education effectiveness and distort higher education purpose. Higher education has a two-fold responsibility: to expand, *through its own resources,* the participation of the academically skilled in colleges and universities, and, *working through other education and community resources,* to expand efforts to ensure that a larger and more diverse population of the academically able is developed for participation in collegiate life.

With expectations of participation confined to the academically prepared, the primary access barrier which needs to be addressed would then be the barrier of limited finances. Overcoming this barrier also involves commitment to some choice and ending educational segregation based on race and socio-economic status within higher education

Achievement would be a central feature of this access commitment. This requires that the higher education community invest further in quality teaching, sensitive assessment practices, and the commitment to accountability. We need to be able to confirm that graduates are intellectually and socially competent. Access policy focused on achievement becomes a means by which we realize important social justice and other societal goals. Access policy without an emphasis on achievement will not produce this result. Attempting to create the appearance of social justice only through the presence of women and minorities is not an effective strategy. The national success of access would be confirmed by a significantly expanded population of the academically able attending colleges and universities. Success indicators need not be quantified but conditions of success need to include a national willingness to pay for the expanding population of the academically able. If the academically able were turned away from colleges and universities because of limited institutional resources, this would be an indication that access is not provided.

Using this suggestion, the goal becomes access for the academically able. The barrier of inadequate finances for these students is eliminated. The academically able from a variety of socioeconomic and racial groups would attend a broad range of institutions. Choice is desirable to the extent that *de facto* educational segregation is eliminated. Achievement would be the ultimate measure of access effectiveness. Such a policy would require a national commitment to produce a greatly enlarged group of intellectually competent graduates who can sustain social values and meaningfully contribute in the quest for social justice.

Summary

The period between 1965 and 1990 reflected for the first time in the history of the country an extraordinary national commitment to improve higher education access. At the same time, these were years during which we were slow to identify indicators of access effectiveness beyond simply looking at a dramatic expansion of the college-attending population. Most significantly, we can now see that these years reflect confusion about the social, political, and educational issues to be resolved through access policy.

Four conditions for access success have been explored here as means to clarify our thinking for future access policy. The principle of participation is firmly established. We are challenged to establish benchmarks of access effectiveness and expected results in order to shape a coherent access policy for the next 25 years.

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Achieving the National Education Goals: The Status of Minorities in Today's Global Economy

ESTHER M. RODRIGUEZ

Introduction

> By the year 2000, every American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

Goal 5 of the National Education Goals presents an ambitious and necessary challenge to postsecondary education that has relevance for both academic and workforce preparation programs. Broadly, the goal reflects the importance of education for ensuring that American citizens are competitive in a global economic marketplace. More importantly, the goal reinforces the need for *all* Americans to be provided opportunities for high quality education as a basis for full participation in this country's democratic process.

The National Education Goals Panel (comprising governors, members of the U.S. Congress and the executive branch) is charged with ensuring that the education goals are met. Specifically for Goal 5, part of the strategy is to measure the achievement of American adults in various categories including: (1) workers' attitudes, (2) adult education and training, (3) literacy, (4) college enrollment, (5) college completion and (6) voting registration and (7) voting behavior.[1]

Because of the growing racial and ethnic diversity in the U.S. population, much of the challenge of Goal 5 is ensuring that members of American racial and ethnic minority groups have opportunities to acquire the skills needed for the 21st century. Since minorities, especially African Americans, Latinos and American Indians, have typically experienced higher rates of poverty, drop out of school at a higher rate, attend lower quality schools and are underrepresented in postsecondary institutions, the strategies and resources necessary will need to be extraordinary. New incentives may be required just to motivate members of these minority groups to participate in achieving goals and higher levels of education because historically, even when they have achieved educational success by pursuing diplomas, certificates and degrees, these minority groups have not reaped the employment status and social mobility equivalent to their white counterparts.

This special issue of *Minority Success* examines the challenges and progress of minorities compared to whites in reaching Goal 5. In particular, the focus is primarily on the levels of minority achievement (in the aggregate and by specific racial and ethnic subgroups) in education and the work place. Because success is often conditioned on other social and institutional practices, some of the barriers to success that minorities frequently face are also examined. In addition, a few national education and workforce training efforts and state higher education policies that have been developed to help "level the playing field" are highlighted.

Demographic Changes of Minority Populations in the U.S. (1980–1990)

Recent U.S. census data reveal that the nation is experiencing unprecedented change in the characteristics of its population. Since the 1980 census, minorities have represented a steadily growing proportion of the population. The large growth reflected in the 1990 census was due primarily to the relative increase of minority birth and immigration rates between 1980 and 1990, particularly among Latinos and Asians. Between 1980 and 1990, the total population of the United States increased by 9.8%, while the African American and Latino populations increased at a higher rate—13.2% and 53%, respectively. The Asian American population expanded by more than 107% and the American Indian population increased by almost 38%.

By 1990, minorities comprised nearly one-fourth (24%) of the U.S. population. This included African Americans (12%), Latinos (9%), Asian Americans (3%) and American Indians (0.7%).[3] According to the most recent Census Bureau projections, the racial distribution of the U.S. population is expected to become even more diverse by the turn of the century when minorities will represent over one-third of the U.S. population.

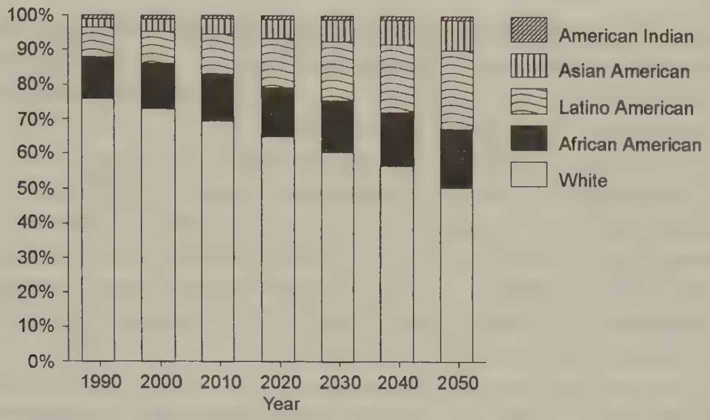
By 2000, African Americans will continue to make up 12% of the population, 11 % will be Latino, 4% will be Asian American and Pacific Islander, and the remaining 0.8% will be American Indian. Non-hispanic whites will make up less than 72% of the total population. If the assumptions of these census projections are realized and this trend continues, by 2050 the white population is expected to decline to approximately 53% of the total U.S. population, while Latinos will increase to over 21%, African Americans to 15%, Asian Americans to 10% [4] (see Figure 1).

School enrollment: While minorities represented about 25% of the United States population in 1990, minority youth made up more than 30% of pupils enrolled in public kindergarten through 12th grade, up from 27% in 1980.[5] This over-representation of minority youngsters in the schools reflects a large minority child-bearing population which will have a greater impact upon the nation's educational institutions than on any other sector of American society. The impact of today's minority elementary school students will continue to be felt in the workforce and higher education institutions in the next decade. Thus, it is no exaggeration to state that the success of the nation's schools in the years ahead in educating minority youth will likely determine the quality of American life in the future.[6]

Skills and Academic Achievement

Student skill levels: Recent reports on the academic skills of American students overall cite poor performance in students' abilities to read, write, compute, solve problems and work as part of a team, with especially poor performance by minority students. For example, recent reading, science and mathematics proficiency scores of white, African American and Latino 9-, 13-, and 17-year-olds, on the National Assessment of Educational Progress (NAEP), show that none of the groups achieved skill levels that could support high performance in modern workplaces. At each age level and in all three curriculum areas, African American and Latino youth significantly trail their white counterparts.7

Another NAEP report describing adult (ages 21 to 25) literacy reveals equally disturbing results.[8] Very few young adults are performing at high levels of proficiency on any of the literacy assessments (prose, document, quantitative or reading). This is especially true for minorities and



Source: U.S. Department of Commerce, Bureau of the Census, *Population Projections of the United States by Age, Sex, Race and Hispanic Origin: 1992–2050,* November 1992

FIGURE 1. Projected Percent Distribution of the U.S. Population

for young adults who terminate their education early. For example, on the reading proficiency assessment, only 54% of young adults performed at a level that would suggest an ability to find, understand, summarize and explain relatively complicated material. Approximately 61% of white young adults were at this level, compared to 25% of the African Americans and 41% of the Latinos studied.[9]

A recent study by the Educational Testing Service (ETS) showed the low literacy levels of many of America's workers. ETS assessed a sample of Job Training Partnership Act (JTPA) trainees and persons receiving Unemployment Insurance (UI) or services of the Employment Service (ES) in three areas key to meeting the objectives of Goal 5: (1) prose comprehension skills, such as those a voter might employ to understand editorials on complex civics issues; (2) document literacy skills, such as those a patient might need to decipher charts and tables showing health benefits; and (3) quantitative skills, like those a customer might apply to filling out an order form or managing a checking account.[10]

On each of the three literacy scales, between 40% and 50% of the assessment participants demonstrated literacy skills in the lowest two of the five defined levels. At these levels, tasks require relatively low-level information-processing skills which ETS reports may indicate severe difficulty in meeting the demands of a workplace where more complex literacy skills were needed. African American and Latino participants scored significantly below white participants in all three areas. Approximately 50% to 60% of the African Americans and Latinos studied are ranked at the two lowest levels, compared to 25% to 30% of the white participants.[10]

ETS warned, however, that these results should be considered in light of other social and demographic data. "[T]hese data do not imply that all minority group members score at the lower levels on the three literacy scales or that the cause for lower performance is to be explained by the race/ethnicity variable. Data from NCES's High School and Beyond survey indicate that Black and Hispanic students are overrepresented in the low socioeconomic status group, which includes about 54% of Black and 57% of Hispanic high school seniors. The scores of high school seniors from disadvantaged backgrounds are consistently one standard deviation below the average scores of those students from advantaged backgrounds. Moreover, recent data indicate that while as many as 20% of all children in this country may be growing up in homes that are at or near poverty levels, the percentage for minority populations could be as high as 50%."[12] Education policymakers need to improve their understanding of how economic and social conditions affect opportunities for students to learn so that such barriers to high performance can be eliminated.

Secondary school course-taking patterns: Rigorous academic programs in schools prepare students for success in college and the work place. If minorities are expected to be able to compete for the high-skill, high-wage jobs in changing American industries and businesses, they need to be better prepared than they are being prepared today.

African American, Latino and American Indian secondary school students take fewer mathematics and science courses (especially advanced courses) than their white counterparts and are less likely to be enrolled in an academic track in school.[13] The American College Testing (ACT) Program of the high school class of 1992 revealed that of the high school seniors taking the ACT assessment, 47% of African Americans, 49% of Mexican Americans and 43% of American Indians—compared to 54% of white and 67% of Asian college-bound seniors—completed a college preparatory curriculum in high school.

Enrollment and completion of the college preparatory curricula increases educational opportunities for minority students to enter college. ACT recommends a curriculum that includes four or more years of English; three or more years of mathematics including algebra I and II, geometry, trigonometry and calculus; three or more years of sciences including biology, chemistry and physics; and three or more years of social sciences. The ACT has shown that when students, regardless of their race/ethnic group, take these courses, average composite scores on the ACT examination significantly increase, a predictor of success in college. The average composite score (based on a scale of 1–36) for African Americans who took the academic core curriculum was 18.1 compared to 16.1 for those who took less than the core. Similarly, the average ACT composite score for Mexican American students who enrolled in college preparatory courses was 19.8 compared to 17.1 for those who had not completed the academic core curriculum. White students who enrolled in college preparatory courses had an average composite score of 22.6 compared to 19.7 for those who were not enrolled in the advanced-level academic track.

Additional evidence that enrollment in quality academic courses increases minority student achievement was reported in a 1990 study by the College Board called *Changing the Odds: Factors Increasing Access to College.* Using data from NCES's High School and Beyond survey, the report shows that minority high school students enrolled in geometry at less than half the rate of white students. (Forty percent of white students took geometry, but only 19% of African American and 17% of Latino students did so.) The study also points out, however, that when minority students did complete geometry and other advanced mathematics courses and had expectations of completing a college degree, their achievement level increased and they were at least as likely as white students to continue into postsecondary education. For example, of students taking one or more courses of high school geometry, 80% of African American high school students and 82% of Latino students, compared to 83% of white students, attended college within four years of high school graduation.[15]

Non-Asian minorities are underrepresented in advanced placement examinations in the core academic subjects: over 70% of 1992 advanced placement test-takers are white and 13% are Asian American compared to less than 4% African American students, approximately 4% Latinos and less than half of one percent American Indian.[16] Although more minority students are enrolled in advanced placement courses and taking the exams today than in prior years (a percentage change of 153% between 1986 and 1992), their numbers are still substantially below their representation in the nation's secondary schools.

African American, Latino and American Indian students are also less likely to take challenging vocational courses in high school.[17] Students in the most disadvantaged schools (those with relatively high proportions of poor and academically disadvantaged students) take more vocational than academic education courses and the courses offered are of significantly lower quality than those offered at advantaged schools.[18] Minority students (particularly African Americans) are underrepresented in programs and courses with higher skill training that lead to postsecondary education and higher income occupations (agriculture, medical emergency technicians, steno/secretarial, electronics, welding, automobile specialization and machine shop). They are overrepresented in programs and courses leading to jobs with lower income and fewer advancement possibilities (medical lab assistant, clerk typist, appliance repair, masonry, custodial services, quantity foods, textile production and upholstering).[19]

Recent amendments to the 1990 Carl D. Perkins Vocational and Applied Technology Education Act include support for strengthening vocational programs through greater concentration on academics and basic skills development. States will have access to resources for developing new curricula, such as applied academics, which integrate subject matter content with practical application, and new structures, such as "tech prep" programs, that bridge secondary and postsecondary systems. These changes may have an impact upon minority student achievement levels, especially for high school students who previously would not have pursued education and training after graduation. Research and evaluation are needed, however, in order to assess the distribution of these resources and the impact of this policy on minority students.

Between 1980 and 1990, almost 40 states changed their course requirements for high school graduation; most changes involved increases in mathematics and science courses.[20] Some of these changes were driven by increased requirements for admissions enacted by public colleges and universities. These recent state policies should continue to be monitored and the results analyzed to ascertain whether improvements in participation and achievement are realized in postsecondary programs, particularly among minorities. States should closely examine the quality of the course offerings in the high school that students of various ethnic groups attend. If improvements are not occurring, states should examine the types of changes that can be made systemically that will support achievement. This type of evaluation is also needed for monitoring restructuring strategies that aim to change teaching and learning dynamics in schools. For example, the National Science Foundation has provided demonstration grants to 21 states to develop strategies to improve the teaching and learning of mathematics and science. A common emphasis of the Statewide Systemic Initiatives (SSI) in many states is to improve math and science achievement of students in urban areas where a majority of minority students live and attend school.

State student feedback systems: Many state higher education boards are developing high school feedback reports that provide schools and districts with information about the higher education performance of their recent high school graduates. In a survey conducted by SHEEO in September 1992, 24 of 50 state boards indicated they were involved in developing these reports. For example, the Illinois Board of Higher Education provides each of the state's high schools with individual and comparative information on class percentile rank, ACT score or its equivalent, and first-term grades for all freshmen attending each public college and university. The Illinois report also contains nine statistical tables summarizing data for three instructional levels in English, mathematics and natural sciences: basic (courses offering no credit toward graduation), freshman courses (the first course appropriate for a student who has met minimum course requirements for college admission), and advanced placement courses (courses beyond the freshman level).[21]

Few states, however, know how or whether these reports are being used by school districts. The reports may provide important data that could help schools (especially those with high minority student concentrations) assess the quality of academic and other preparation programs or identify problems in school-to-college transition that could be used to launch strategies for improvement.

National assessments: New national performance-based assessments that measure specific outcomes—what students know and can do—are currently being advocated for monitoring progress toward achieving National Education Goals for student achievement. The National Council on Educational Standards and Testing (NCEST) was formed in 1991 by the National Education Goals Panel to coordinate the development of national education standards and a voluntary system of assessments aligned to them.[22]

What the new standards will be and how the American education system uses them to motivate students is at the center of national debate. Some proponents for change argue that current education standards concentrate on "inputs" in the process of education, rather than "outputs" that set benchmarks for what students should know and the level of skills they should be able to perform to succeed. Further, these inputs (such as the number of courses a student must take and pass in order to graduate from high school or the courses teachers must take to get a teaching license) neither motivate students to learn nor hold schools, teachers or students accountable for desired results, namely high levels of performance.[23]

These critics also assert that focusing on outcomes has implications for improving the educational environment for those students most underserved (poor and minority) by the current system. High performance standards will give systems, schools and teachers incentives to be innovative in developing different strategies to improve student achievement. Such strategies might include using more multicultural curricular materials or providing applied learning experiences that demonstrate theoretical concepts through "hands-on" approaches. In their book, *Thinking for A Living: Education and the Wealth of Nations,* Ray Marshall and Marc Tucker claim that "with the objectives for students clear, school staff would be free to decide for themselves how to help students reach them, producing much more variation in curriculum and in teaching methods than we have now, and the staff would be held accountable for the results of their efforts. The framework that is used to define the objectives for the students would also guide the professional preparation of teachers, the development of curricula at the school level, and the techniques used to teach."[24]

The New Standards Project, co-directed by Marc Tucker and Lauren Resnick, proposes to use examinations to set student performance standards. The project will create a national examination system that allows states, districts and schools to select from a variety of examinations, but with the passing level set to the same high standard which all students would be expected to meet.

The project directors concede that the high performance objectives of a national examination system may create a formidable barrier to minority and low-income students who attend low-quality schools. The proposed system works as long as all students have a fair shot at reaching the standards. Students must be exposed to "a curriculum that will prepare them for the tasks set by the examination system, teachers who have been trained to teach that curriculum well, and the other resources required to assure that students have an opportunity to reach the standard. A social compact of this sort implies, among other things, a whole new approach to equity in school finance."[25]

The Ford Foundation, in collaboration with the University of Michigan, School of Education, recently sponsored a symposium to examine equity and educational testing and assessment policies and practices in the United States. The Symposium was designed to engage leading assessment experts, policymakers and educators in a process of discovering the equity considerations that should be incorporated into existing and emerging policies on educational testing and assessment. The participants examined the following: (1) the changing role that testing and assessment are playing in American education; (2) innovative approaches to testing and assessment that work toward achieving equity while also contributing to educational reform and accountability; (3) the effect that current innovations in testing and assessment policies and practices have upon minority and disadvantaged students, school systems and teachers; and (4) measures needed to achieve greater equity in testing and assessment in the nation's schools. Participants in the Symposium produced a Leadership Statement of Nine Principles on Equity and Educational Testing and Assessment (see Appendix).

A complementary effort designed to develop the standards for high-performance workplaces is also underway in response to the recommendations of the Commission on Achieving Necessary Skills (SCANS). The Commission suggests that each student who meets the level of proficiency defined by the standards and demonstrated by the assessments will earn a certificate of initial mastery, which will allow the student to move into a college preparatory program, enter a program of technical and professional studies or seek employment.[26]

The low achievement levels of non-Asian minority students have often been used to argue the need for change in the nation's educational system. As these standards and assessments are adopted by states and school systems, they will need to be closely monitored to show the extent to which they increase minority student learning and achievement and predict collegiate and employment success.

Postsecondary Education Access, Retention and Success

College enrollment: White students are more likely than minority students to participate in postsecondary education. In 1991, approximately 62% of white high school graduates, 14 to 24 years old, were enrolled in college or finished at least one year of postsecondary study. This compares to 45% of African Americans and approximately 48% of Latino high school graduates.[27] Table 1 shows whites and Asians are overrepresented in higher education student enrollment compared to their percent of the general population. The percent of American Indians enrolled in postsecondary education is about the same as their representation in the general population, and African Americans and Latinos are underrepresented in postsecondary education. (African Americans are 12% of the U.S. population and 10% of college enrollment, while Latinos are 9% of the U.S. population and 6.2% of enrollment.)

Nevertheless, minority postsecondary participation is growing at a higher rate than for white students. Total minority enrollment increased from 16% in 1980 to 21% in 1991 and, as Table 2 indicates, this holds true for each minority group.[28]

The ethnic composition of colleges and universities could change considerably in the future in states with relatively high minority populations if the minority college-going rates begin to grow at the rate of their population growth.

For example, African Americans make up the largest minority group in both the school-age and general populations of the South. In 1989 African American school enrollment in Mississippi was over 50%. Latino enrollment in California and Texas was 33%. In 1989, almost 72% of K–12 enrollment in Hawaii was made up of Asian Americans (including Pacific Islanders) and they continue to be a growing share of the population and school enrollments in California.[29]

TABLE 1

Distribution of U.S. Population Compared to Distribution of Postsecondary Enrollment by Race and Ethnicity, 1991

Race/Ethnicity	% of U.S. Population	% of Total Postsecondary Enrollment
White	75.7	78.8
African American	11.8	9.6
Latino American	9.0	6.2
Asian American	2.8	4.6
American Indian	0.7	0.8

Source: U.S. Department of Commerce, Bureau of the Census, November 1992; U.S. Department of Education, National Center for Education Statistics, January 1993.

TABLE 2

Percentage of Total Postsecondary Student Enrollment by Race and Ethnicity, 1980 and 1991

	1980	1991
White	83.4	78.8
Total Minority	16.5	21.2
African American	9.4	9.6
Latino American	4.0	6.2
Asian American	4.0	4.6
American Indian	0.7	0.8

Source: U.S. Department of Education, National Center for Education Statistics, January 1993.

The California Postsecondary Education Commission predicts that Latino high school graduates will increase from 23% of the class of 1990 to 36% in the year 2000.[30] The data provide compelling evidence used by the Commission to alert colleges and universities in California that this change will require corresponding changes in how courses are taught and the types and levels of support services needed.

State higher education systems are using population census data to help set and measure progress toward goals of increasing minority participation.[31] For example, the Washington Higher Education Coordinating Board's *Policy on Minority Participation and Diversity* includes goals for 1995 undergraduate participation rates in higher education for all ethnic/racial minority groups that equal or exceed the average statewide participation rate for the 17- to 22-year-old population from 1990 to 1995. The Commission used Washington State census data to signal to the public colleges and universities that in order to achieve these goals, they may have to develop extraordinary strategies to increase minority admission and success in college.

State and institutional policies influenced by recent budget cuts in many states could stall progress toward increasing minority enrollment in postsecondary institutions and programs. Reduced funding has forced some public institutions into cost-saving measures such as setting enrollment caps. (Enrollment caps usually have the effect of denying admission to college applicants with the lowest relative credentials. Non-Asian minorities are overrepresented among these students.) In 1993 the California Postsecondary Education Commission expects four-year colleges and universities to make significant cuts in student enrollment. The result may mean greater numbers of minority students entering community colleges and postsecondary technical institutes, or being denied access altogether.

College admissions test scores: The average college admissions scores of non-Asian minority college-bound seniors are substantially below those of their white counterparts (see Table 3). African American students in 1992 scored an average of 90 points below whites on the verbal section of the SAT and 106 points below on the quantitative section. Among Latinos in 1992, Mexican American college-bound seniors scored an average of 70 points below whites on the verbal and 66 points below on the quantitative.[32] Similarly, the ACT composite scores of whites at 21.3 remained substantially above the scores of non-Asian minorities. African Americans, Mexican Americans and American Indians obtained composite scores of 17.0, 18.4 and 18.1, respectively (see Table 4).

During the past decade, however, minority students have made steady progress in increasing their average college admissions test scores. Table 3 shows that between 1976 and 1992, African

American seniors taking the SAT examination increased their verbal scores by 20 points and mathematical scores by 31 points. In contrast, SAT verbal scores for white college-bound seniors decreased by nine points between 1976 and 1992, their mathematical scores fell by two points. Analyses of the size and makeup of the test-taking populations need to be conducted in order to explain the changes in scores during the past 16 years that are reflected in Tables 3 and 4.

Developmental/remedial programs: Policies enacted in several states, including Texas, New Jersey, Florida, Arkansas, Georgia and Tennessee, require students entering public colleges and universities with admissions or placement test scores below a specified level to take remedial/developmental non-credit courses. As a result, 30% of all freshmen and 55% of non-Asian minorities are placed into developmental curricula upon entering college. Three out of four U.S. colleges and universities are known to offer developmental/remedial instruction in reading, writing or mathematics. Two-year colleges and postsecondary institutions with predominately minority student populations have the highest levels of freshmen enrolled in remedial courses. In the fall of 1989, 36% of freshmen at two-year colleges were enrolled in remedial courses versus 24% at four-year colleges; 55% of freshmen at colleges with a predominately minority

TABLE 3

Changes in SAT Scores by Race/Ethnicity, 1976–1992

SAT Verbal

	1976	1992	Change since 1976
Amer Indian	388	395	+7
Asian American	414	413	–1
Black	332	352	+20
Mexican American	371	372	+1
Puerto Rican	364	366	+2
White	451	442	–9
All Students	431	423	–8

SAT Mathematical

	1976	1992	Change since 1976
Amer Indian	420	442	+22
Asian American	518	532	+14
Black	354	385	+31
Mexican American	410	425	+15
Puerto Rican	401	406	+5
White	493	491	–2
All Students	472	476	+4

Source: College-Bound Seniors: 1992 Profile of SAT and Achievement Test Takers, The College Board, 1992

TABLE 4

ACT Scores, High School Graduating Class 1992 by Race and Ethnicity

	Afro-Amer/ Black Mean	Amer Indian Alaska Native Mean	Caucasian Amer White Mean	Mex Amer/Chicano Mean	Asian Amer/Pac Islander Mean
Total Group	N = 75,356	N = 9,784	N = 604,469	N = 26,163	N = 22,771
English	16.6	17.3	20.9	17.7	20.5
Mathematics	16.9	17.8	20.4	18.4	23.0
Reading	16.9	18.4	21.9	18.4	21.2
Sci Reasoning	17.2	18.6	21.3	18.6	21.2
Composite	17.0	18.1	21.3	18.4	21.6

Source: The ACT High School Profile Report: High School Graduating Class 1992, American College Testing, 1992

student body were enrolled in remedial courses, versus 27% at those with a predominately non-minority student body.[33] Despite the prevalence of these programs, however, little is known about their effectiveness. Colleges and universities need to track rates of progress, retention rates and other outcomes of students who enter through remedial programs and compare the results with students entering mainstream college curricula. These findings would be particularly useful for learning about the rates of success among minority students and the effects of interventions upon their success.

Transfer rates: Minority students often begin their postsecondary education in community colleges and other two-year institutions. After reviewing several national transfer studies, the National Center for Academic Achievement and Transfer reported that, on average, only one out of five community college students transfers to a four-year baccalaureate program. And minority students and students from low socioeconomic backgrounds are even less likely to transfer than white students.[34] Although these rates seem low, little is known about how many students enter two-year programs with the expectation that they will complete a baccalaureate degree at a four-year college or university.

The reasons that minority students tend to be less successful at making the transition into bachelor degree programs may reflect the academic characteristics they bring with them to college and the failure of college remedial programs to compensate for their entering deficiencies. Using comprehensive, national longitudinal studies, researchers have found that the most important predictors of successful transfer from two-year to four-year institutions include completion of the academic track while in high school; high grades in high school and college; completion of science and mathematics courses; amount of time spent doing homework; and number of credit hours earned while in college. Minorities are clearly at a disadvantage in these areas. Minority status *per se* was a less important predictor than any of the above.[35]

Several states have developed student tracking systems that document transfer and baccalaureate degree completion rates of students who initially enter two-year colleges, compared to students who start college at four-year institutions. An Illinois Board of Higher Education study shows that of the total number of students who transferred from two-year to four-year public institutions between 1987 and 1991, only 9% were African Americans and 2.5% were Latinos.[36] Overall, 52% of the students who transferred in 1987 earned baccalaureate degrees through 1990.

In contrast, only 19% of African American students and 35% of Latino students who transferred in 1987 completed baccalaureate degrees by 1990.[37]

The Illinois Board concluded that the low transfer and baccalaureate completion rates of minorities underscored the importance of board policies addressing the variables that effect successful transfer to four-year colleges and universities. The board recommended that steps be taken to develop closer school-college collaborations, improve academic counseling, provide remediation for those who are underprepared for college-level work, enhance support services such as financial aid, conduct assessment of student achievement and monitor student progress. Several other states are collecting similar data on student transfer levels disaggregated by race and ethnicity. Such efforts should be expanded across the country so that policymakers and educators can better address the problems and obstacles to transfer for minorities.

Socio-economic status of minority students: The economic condition of minorities is also an important factor for schools, postsecondary institutions, employers and public policymakers who are considering setting goals to increase minority student participation and achievement. At the low extreme, in 1989 over 43% of African Americans and approximately 36% of Latinos below the age of 18 lived in poverty, compared to 14% of their white peers. Table 5 shows that in 1990, 51% of African American families and 42% of Latino families had annual incomes below $15,000, compared to 22% of white families. In contrast, 24% of white families were at income levels of $50,000 and above compared to only 8% of African American and 9% of Latino American families.[39]

Family income is a key correlate of college attendance: as the level of a family's income increases so does the likelihood of its dependent children attending college. Current U.S. census data show that dependent children 18 to 24 years old from the highest income group ($50,000 and over) are nearly three times as likely to attend college as children from the lowest income group (under $15,000). This statistical relationship holds true for all race and ethnic groups (see Table 6).

For Latinos, however, the data are especially troubling. At all income levels, dependent children of Latino families attend college at significantly lower rates than similar-aged dependents from families of other race and ethnic groups. Socio-economic status could be a proxy for other student characteristics such as the relatively low education levels of parents, parental involvement and participation in the schools, commitment to educational values, relatively high drop-out rates, and proficiency with the English language. It is important to examine the contribution of each of these to the educational achievement of Latino students. Additionally, further studies should be conducted to probe whether: (1) the schools Latinos attend provide quality curriculum and instruction, (2) teachers support and encourage students to pursue rigorous academic courses, and (3) counselors guide students into college preparatory courses and provide information about college admissions and financial aid. These factors will shed light on the more intangible issue of whether Latino and other minority students are truly being offered opportunities to learn and progress.

Access to financial aid: Many aspects of financial aid have an impact on the extent to which minority students participate and succeed in higher education. The recently released final report by the National Commission on Responsibilities for Financing Postsecondary Education, *Making College Affordable Again,* reached the conclusion that a significant impediment to building educational aspirations in minority youth is the lack of information about the economic benefits of achieving a college degree, the opportunities for financial support to attend college, and assistance in understanding and completing complicated financial aid applications and other requirements.

The Commission also found that elementary and secondary at-risk students and their parents are seriously underinformed about the costs of college, the availability of student aid, the job market or the economic gains of college attendance.[40]

Strategies are being developed in a few states to better inform students and their parents about financial aid availability. For example, the Connecticut Department of Higher Education provides prospective college students with evening telephone access to college financial aid officers, including Spanish-speaking counselors, who can answer questions about the types of financial aid available and how to apply for aid to college, vocational or graduate school. The Student Financial Aid Hotline also provides direct support to help students and their parents complete application forms, estimate eligibility, and recommend the loan, grant or work-study programs that may be best for their individual circumstance.

Financial incentives such as tuition guarantees offered to students at an early age help motivate and encourage minority students to improve their pre-college academic preparation. Such incentives also are being funded and advocated by some of the nation's business and political leaders as a means of enhancing opportunities for minorities to attend college when it appears that higher education is too expensive. New York State's Liberty Scholarships, Rhode Island's Children's Crusade for Higher Education, Louisiana's Tuition Assistance Plan and Arkansas's Academic Challenge Program are examples of statewide intervention programs designed to increase the high school graduation and college-going rates of economically disadvantaged students. However, state budget reductions have had a significant impact on the effectiveness of these programs. Without sufficient funds for a prolonged duration, there is no way to test how these programs work in achieving their objectives.

Student experiences on campus: Like student background characteristics, institutional climate contributes to both student and institutional outcomes. It can account for much of the persistence, rate of progress and academic achievement of college students, or it can be the cause of failure. Students of various race and ethnic groups differ from one another with respect to their experiences and performance in college. While pertinent information is often anecdotal rather than precise, the campus climate for minorities is often described as more alienating than supportive. On more and more campuses, reports of racism and racial hostility abound.[41]

Some state higher education boards are attempting to affect campus climate through their efforts to increase diversity at postsecondary institutions. South Carolina's *Higher Education Program for Access and Equity* requires each public institution to develop a strategic plan that enhances the quality of minority students' experiences on campus. Pennsylvania's Task Force on Intergroup Relations in Higher Education investigates behaviors that incite intergroup tensions, such as ethnic jokes, name-calling, graffiti and distribution of hate literature. The Task Force also plans to propose remedies for these issues within constitutional limits of the state. Such remedies might include models of dialogue, negotiation, mediation and conciliation among students, faculty and administrations. If these efforts are successful, the state will need to assess

TABLE 5

Percentage Distribution of Families by Family Income: October 1990

	Under $15,000	$15,000–24,999	$25,000–34,999	$35,000–49,999	$50,000 and over
All	25%	18%	17%	18%	22%
White	22%	18%	18%	19%	24%
Black	51%	17%	14%	10%	8%
Hispanic	42%	22%	16%	11%	9%

TABLE 6

Percentage of Families with Dependents 18–24 Years Old Having One or More Attending College Full Time October 1990

	Under $15,000	$15,000–24,999	$25,000–34,999	$35,000–49,999	$50,000 and over
All	21%	28%	35%	44%	58%
White	21%	27%	35%	45%	59%
Black	20%	29%	31%	38%	50%
Hispanic	12%	16%	16%	34%	38%

Source: School Enrollment: Social and Economic Characteristics of Students, U.S. Department of Commerce, Bureau of the Census, October 1990, April 1992

whether they contribute to the number of minorities attending college, greater persistence, graduation rates and quality of student experiences.

Student and institutional outcomes: The performance of minority students in college courses tends to lag behind that of their majority counterparts. On average, non-Asian minorities tend to have lower college grade point averages, progress slower through the curriculum, are less likely to attend graduate and professional schools, score lower on graduate admissions tests, are offered fewer research assistantships for graduate school and have fewer employment opportunities in the labor market upon completing college.[42]

Colleges and universities typically report smaller proportions of minorities in graduating classes than in entering classes of freshmen and appear to be unsuccessful in eliminating performance gaps (grades and progression rates) between minority and majority students (see Table 7). Nationally, African Americans represented 6.0% of American baccalaureate degree recipients in 1990, down from their 6.6% level in 1981. Over the past decade, Latinos have made some progress in baccalaureate degree attainment, now representing 3.2% of U.S. recipients. Between 1981 and 1990, Latino students recorded slightly less than a 50% increase in bachelor degrees attained.[43] These gains, however, will have to improve substantially if they are to match the projected Latino representation in the general U.S. population, among elementary and secondary school enrollments and the projected increases in undergraduate enrollment.

The subject areas chosen by minorities in college also will indicate the level of success they will experience in the work place. As Figure 2 shows, non-Asian minorities earn fewer degrees than Asians and whites in disciplines requiring mathematics and sciences such as computer science, engineering and technologies.

- While Asian Americans earned approximately 3.7% of all the baccalaureate degrees conferred in 1990, they earned 8.4% of all bachelor's degrees in engineering and technologies. African Americans were underrepresented in engineering degrees earned (4%). Latinos earned baccalaureate engineering degrees at approximately equal their 1990 representation among degrees earned (3%).[44]
- Asian Americans earned approximately 11% of the master's degrees in computer science, compared to 56% by whites, under 3% by African Americans, 1.4% by Latinos.[45]

- In 1990, African Americans earned fewer doctoral degrees than they earned a decade earlier, while Latinos posted a 42% increase in awards received. Asian Americans showed a gain of almost 32% in doctoral degrees awarded between 1981 and 1990, half of those awarded in engineering and the life and physical sciences.[46]

Transition to the Workplace

School-to-work transitions: About half of the students who leave or complete high school do not go immediately into college. Yet there has been little study of the employment, career and educational patterns of this group. Most research on educational attainment has focused on college-bound populations and typically has emphasized "on-time" entrance to college and "on-time" completion. Relatively little is known about delayed entrance to postsecondary schooling, or about switching or combining work and school roles. Policymakers are struggling to identify strategies for successful transition to stable employment for those who do not go to college.[47]

Young workers (especially minority workers) have the greatest difficulties in finding and keeping jobs. Their jobs tend to require low skills and pay little, a fact documented in a report by the William T. Grant Foundation's Commission on Work, Family and Citizenship.[48]

The report notes:

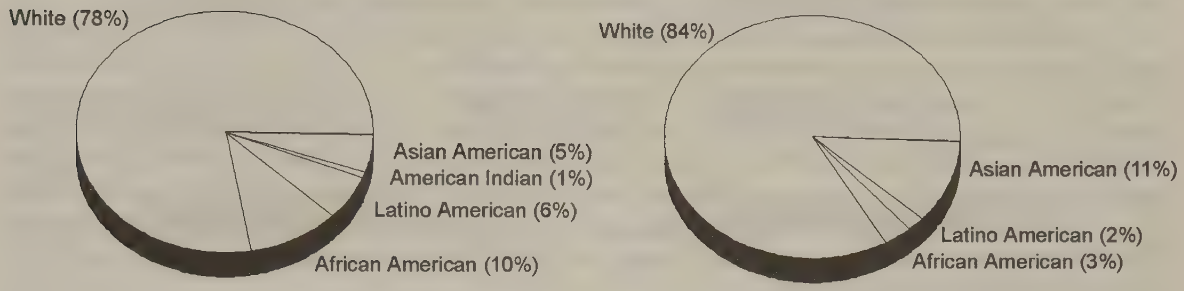
- *The most promising entry-level jobs or "jobs with a future" require high levels of literacy skills.* These are jobs that provide personal growth, the chance to master new skills and the opportunities to earn promotions. Unfortunately, a great number of the jobs young workers now have access to are of the low-skill, low-pay variety which would not provide for a decent standard of living.[49]
- *Young workers ages 16–24 suffer extraordinarily high unemployment rates.* Average unemployment figures for 1992 showed that 14% of civilian workers ages 16 to 24 were

TABLE 7

Percentage Distribution of U.S. Undergraduate Enrollment to Percentage of Bachelor Degrees Conferred to American Students, by Race and Ethnicity, 1980–81 and 1989–90

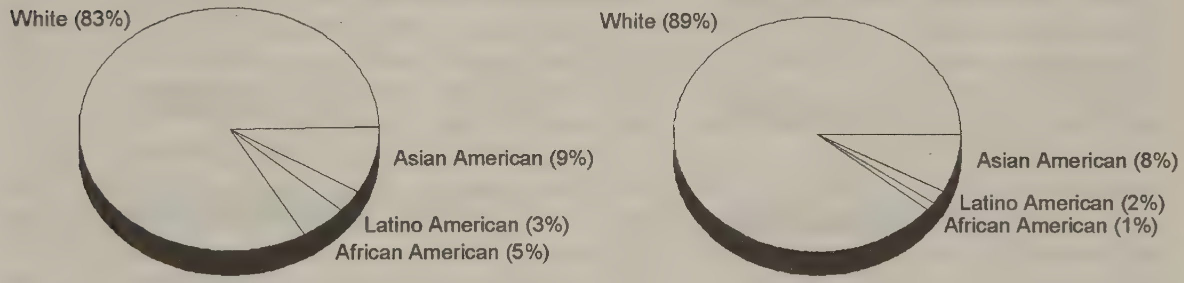
Level of Degree	1980–81 % Undergraduates	1980–81 % Graduates	1989–90 % Undergraduates	1989–90 % Graduates
White	82.6	88.5	79.3	86.6
Total Minority	17.4	11.5	20.7	13.4
African American	9.9	6.6	9.7	6.0
Latino American	4.2	2.4	6.0	3.2
Asian American	2.4	2.1	4.2	3.8
American Indian	0.8	0.4	0.8	0.4

Source: U.S. Department of Education, National Center for Education Statistics, *Trends in Racial/Ethnic Enrollment, Fall 1980 through Fall 1990,* December 1991; U.S. Department of Education, National Center for Education Statistics, *Race/Ethnicity Trends in Degrees Conferred by Institutions of Higher Education: 1980–81 through 1989–90,* May 1992.



Total Postsecondary Enrollment By Race/Ethnicity, 1991*

Math/Science/Engineering/Computer Master's Degrees by Race/Ethnicity, 1990**



Math/Science/Engineering/Computer Bachelor's Degrees by Race/Ethnicity, 1990**

Math/Science/Engineering/Computer Doctoral Degrees by Race/Ethnicity, 1990**

*Source: *Trends in Enrollment in Higher Education by Race/Ethnicity Category: Fall 1980 through Fall 1991,* U.S. Department of Education, National Center for Education Statistics, January 1991; ***Race/Ethnicity Trends in Degrees Conferred by Institutions of Higher Education: 1980–81 through 1989–90,* U.S. Department of Education, National Center for Education Statistics, May 1992.

FIGURE 2. Race/Ethnicity Trends in Degrees Conferred by Institutions of Higher Education

unemployed compared to an overall unemployment rate of 7.3%. Average unemployment rates for white workers in this age group were 12%, compared to African Americans and Latinos who were unemployed at 29% and 18%, respectively.[50]

- *Real income for young workers is in steep decline.* In 1989, the median income of a worker who was 15 to 24 years old and a head of household was $17,064. This represented a 3.1% decline from the real income of this age group the previous year. For African Americans, the decline was especially pronounced. Between 1987 to 1989, they experienced a 10.1% drop in real median income. In 1989, the income level of African Americans was $9,341 compared to $19,903 for white workers and $15,440 for Latino workers, ages 15 to 24.[51]

To address these circumstances, increasing attention is being paid by policymakers to new forms of education-to-work structures that provide options to students who choose not to pursue a postsecondary degree program directly after high school. The new apprenticeship strategies proposed at the national level will focus on students ages 16 to 20, and, in addition to the traditional trades, will incorporate a broader range of occupations such as banking and health care.[52]

The proposed apprenticeship and cooperative education programs combine rigorous academic instruction with employment-based training for students, provide early exposure to work experiences, ensure opportunities for further postsecondary education and encourage lifelong skill-building. In addition to the proposals being developed by the U.S. Departments of Labor and Education, the Council of Chief State School Officers and the Pew Charitable Trusts last year created a state-level competitive grant program called "New Career Paths Through Youth Apprenticeship." The grants support exemplary efforts to develop state-wide systems of youth apprenticeships. Five states are participating in the project: California, Maine, Pennsylvania, West Virginia and Wisconsin.[53]

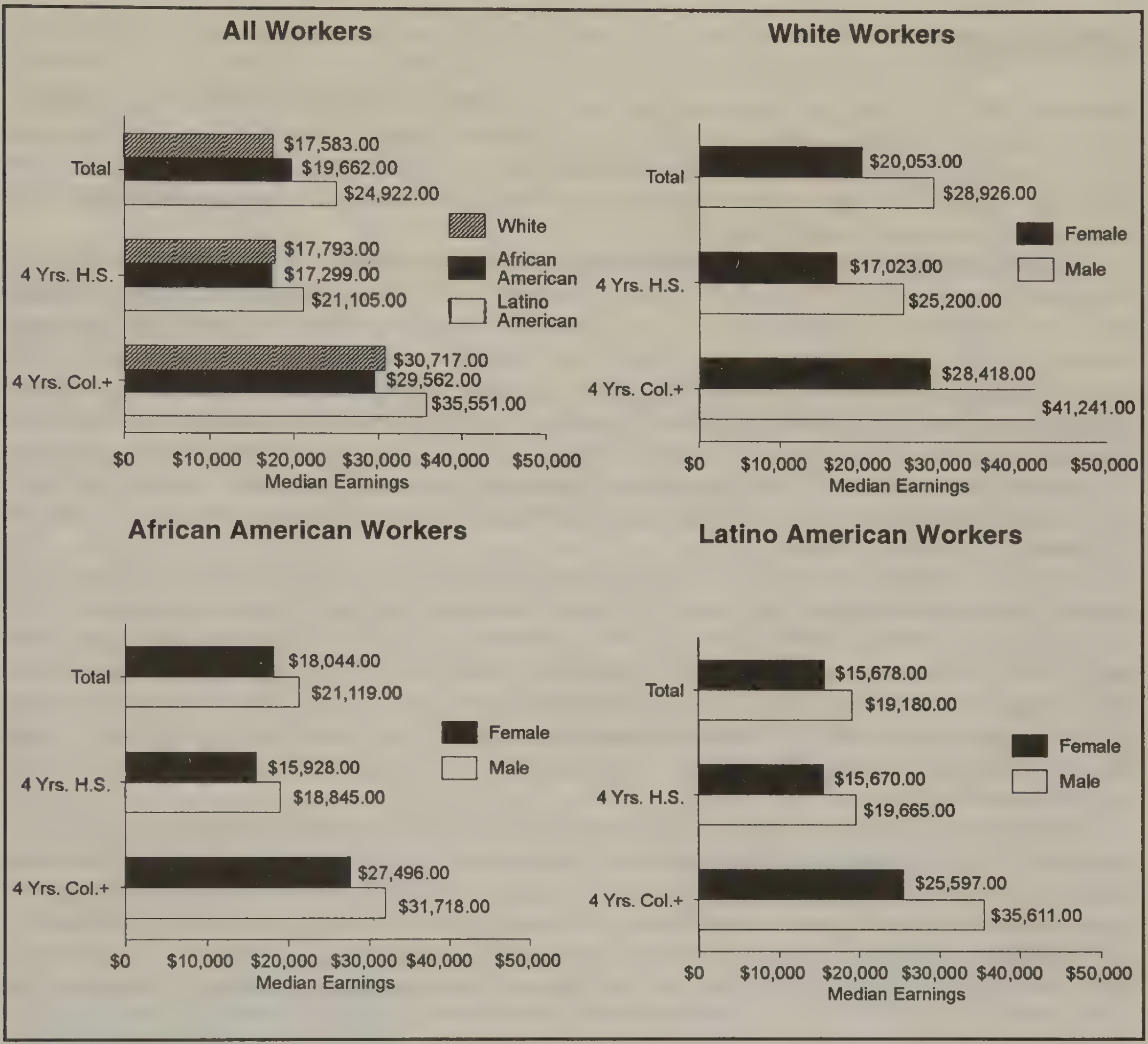
All of these programs are at the proposal or pilot stages. If any are fully funded and built into systemic workforce education and training efforts, there should be assurances that they include diverse student populations.

Quality employment opportunities: In 1992 the U.S. had over 118 million employed workers. Over 10% of this working population was African American and approximately 8% was Latino. Few of these minority workers were employed in fields requiring postsecondary degrees. African Americans and Latinos occupied only 7% and 4%, respectively, of managerial and professional jobs in this country.[54] For example, the U.S. Department of Labor reports that in 1989, African Americans comprised 2% of architects, 3% of physicians, under 4% of engineers, and 3% of lawyers. (Latino representation in these fields was 6%, 5%, 2% and 3%.)[55]

Minorities are equally absent from technical specialties (those requiring high-level skills and paying high wages). Of the more than four million American workers holding these jobs, 9.5% were African American and just over 4% were Latino. Conversely, minorities are overrepresented in low-skill, low-wage jobs. Twenty-four percent of African Americans and almost 15% of Latinos hold jobs as housekeepers, child-care providers and gardeners for private households. Seventeen percent of African Americans and 19% of Latinos provide maintenance and other services for business dwellings.[56] Recent Census Bureau data show that in 1991 almost one-third of Mexican American males (16 years and older) held jobs as operators, fabricators and laborers compared to 9% holding jobs in managerial or professional specialties.[57]

Because of the kinds of jobs minorities hold, they earn much less money than white workers (see Figure 3). In March 1991, the U.S. Census Bureau reported that annual median earnings for white full-time, year-round workers, 18 years and older, was over $5,000 more than comparable earnings for African Americans and over $7,000 more than average earnings for Latinos. The gaps narrow only slightly as educational achievement increases. For those with four or more years of college, whites on average earn almost $6,000 more annually than African Americans and almost $5,000 more than Latinos. The gap between white, African American and Latino male wages is especially dramatic. Median annual earnings for white males (year-round, full-time, 18 years-old and older) was almost $29,000, for African American males it was $21,000 and for Latino men it was $19,000.[58]

Earning gaps between women of different race and ethnic groups are not as great as for men. In 1991, the median earnings of white women (year-round, full-time workers, 18 years and older) who had completed four or more years of college was less than $2,000 greater than the earnings for similar African American women. The difference was about $2,500 between white and Latino women. In specific occupations the gap virtually disappears. For example, for women executives and managers, African Americans who had completed four or more years of college earned an average of $32,452 compared to $32,332 earned by white women (both earn 65% of the median earnings of their white male counterparts.)[59]



Source: Educational Attainment in the United States: March 1991 and 1990, U.S. Department of Commerce, Bureau of the Census, May 1992.

FIGURE 3. Median Earnings of Full-Time, Year-Round Workers, 18 Years and Over by Selected School Completed, Sex and Race/Ethnicity, 1991

Participation in Continuing Education and Training: Only 55% of workers in this country have formal preparation for their jobs, and only 35% receive continuing education and training once they are on the job.[60] For minority workers, the gaps in continuing education and job training are especially acute. Minorities are critically underrepresented in jobs and professions where job-related education and training are most prevalent (e.g., professionals, technicians and management support specialists). A large percent of minority workers are currently clustered at the low end of the service economy (holding jobs such as janitors, sales clerks and food preparation and service workers) where formal job training is low.[61]

Minorities also are least likely to receive formal, employer-sponsored workforce training. African Americans, who make up approximately 10% of the American workforce, receive about 5% of formal workforce training; Latinos receive less than 3%. However, whites, who make up about 85% of the workforce, comprise over 90% of employer-sponsored training.[62]

Conclusion

Between 1980 and 2000, it is projected that the United States will add 20 million new workers to its workforce and only 18% will be native-born, white males. Eighty-two percent of the new workers will be a combination of female, nonwhite and immigrant. Minorities will compose 29% of the net additions to the workforce between 1985 and 2000 and will represent more than 20% of the workforce at the turn of the century.[63]

Demographic changes and conditions of the population will require federal, state and local policymakers, as well as education and business leaders, to undertake strategies to help minority students graduate from school. There is a need to close existing gaps between minority representation in elementary/secondary schools and higher education, a gap which already exceeds that between minorities and majorities in the population. Because a higher proportion of minority youth are born into poverty and because the greatest contribution to the U.S. minority population is the growing rate of relatively undereducated immigrants, gaps are more likely to expand rather than contract unless extraordinary and effective interventions are undertaken to improve the quality and outcomes of the elementary and secondary schools that minority students attend.

Education leaders must address what opportunities for high quality education are provided to minority students and how they are provided. Minority students need to be exposed to quality academic and career counseling early so that opportunities to choose postsecondary programs and professional careers are open to them. Students need to have access to rigorous curriculum and competent instructors who understand substantive material and how to teach it. Also, educators should examine the most effective ways minority students learn. The trend toward engaging students in team- and active-learning processes may strengthen and improve minority achievement levels.

State higher education boards, colleges and universities will have to improve their efforts to increase the representation of minorities in postsecondary education in all fields, including engineering, computer science and the physical and life sciences. The higher education community will need to develop new strategies in order to ensure that minority students at all levels of postsecondary programs persist to degree attainment. Assessment of student qualifications, aspirations, attitudes and behaviors; institutional and departmental admissions policies, racial composition of the faculty and administrations; and institutional affirmative action initiatives should all be examined as part of the strategic planning aimed at increasing minority representation and achievement in the nation's colleges and universities.

The proposed apprenticeship strategies for students who do not go directly to college after completing high school should also be monitored to determine how students' career and educational achievements are affected. These studies should examine how students are placed into programs, who is selected for which programs, and upon completion, which students and how many are offered various types of employment opportunities.

Data related to occupations and income levels are valuable in helping policymakers direct their resources to workforce preparation, training and re-training strategies that will benefit particular segments of the U.S. population. But more is needed. More detailed information is required on minority worker success in technical occupations and jobs not requiring advanced degrees. In addition to examining differences in education, training, employment opportunities and wages earned by race/ethnicity and gender, studies also should evaluate and compare the relationship of the quality of training to occupational attainment and progress. More research also is necessary to understand the reasons for the gaps in wages between white and minority workers, especially where levels of education and experience are comparable.

Based on current national data, too few African American, Latino and American Indian citizens now fully participate and succeed in the nation's education and employment systems. If the Goal 5 is to be realized, federal and state policymakers will have to direct strategies and resources to improving opportunities for minority populations. The benefits for such actions will not be centered only on minorities, but will accrue to all American citizens. American industry and business will become more productive. And the United States will reach its goal to become a stronger and more competitive nation.

Appendix

Leadership Statement of Nine Principles on Equity and Educational Testing and Assessment
March 12, 1993

Equity has been the dominant theme in national education policy for the past three decades. The focus has been upon providing early preparation for disadvantaged pre-schoolers, compensatory education for disadvantaged elementary and high school youngsters, and financial assistance to help the neediest students gain access to college. At the historic 1989 Education Summit in Charlottesville, the President of the United States and the fifty state governors began shifting the spotlight away from providing minimum skills and opportunity for the disadvantaged toward higher standards for all American students. They produced six national goals aimed at making every American student internationally competitive by the year 2000 regardless of current achievement levels or economic status.

The National Education Goals Panel, established in 1990 to monitor progress toward achieving the goals, has been severely hampered by the absence of national standards that specify what students must know and be able to do, and national tests and assessments that measure the progress of students toward achieving the standards. To address the feasibility of setting national standards and developing and using appropriate tests, Congress appointed the National Council on Standards and Testing (NCEST) which recommended that Congress enact legislation to establish a system of national standards and examinations. Following the lead of the national Council of Teachers of Mathematics, which in 1989 published "world class" mathematics standards, the U.S. Department of Education awarded grants in 1992 to six professional organizations to develop new "world class" standards in the following six subject areas: science, history, civics, geography, English, and the arts. The standards from these six organizations are scheduled to be published next year.

As policymakers move forward to develop new standards and assessments, they should consider including the following principles, which will help to insure that both equity and quality are dominant themes.

1. New assessments should be field tested with the nation's diverse population in order to demonstrate that they are fair and valid and that they are suitable for policymakers to use as levers to improve outcomes before they are promoted for widespread use by American society.
2. New standards and tests should accurately reflect and represent the skills and knowledge that are needed for the purposes for which they will be used.
3. New content standards and assessments in different fields should involve a development process in which America's cultural and racial minorities are participants.
4. New policies for standards and assessments should reflect the understanding that standards and assessments represent only two of many interventions required to achieve excellence and equity in American education. Equity and excellence can only be achieved if all educators dedicate themselves to their tasks and are given the resources they need.
5. New standards and assessments should offer a variety of options in the way students are asked to demonstrate their knowledge and skills, providing a best possible opportunity for each student to perform.

6. New standards and assessments should include guidelines for intended and appropriate use of the results and a review mechanism to ensure that the guidelines are respected.
7. New policies should list the existing standards and assessments that the new standards and assessments should replace (e.g., Chapter 1 standards and tests, state mandated student standards and tests) in order to avoid unnecessary and costly duplication and to avoid overburdening schools, teachers and students who already feel saturated by externally mandated tests.
8. New policies need to reflect the understanding by policymakers of the tradeoff between the types of standards and assessments needed for monitoring the progress of school systems and the nation versus the types of standards and assessments needed by teachers to improve teaching and learning. The attention and resources devoted to the former may compete for the limited resources available for research and development for the latter.
9. New policies to establish standards and assessments should feature teachers prominently in the development process.

Notes

1. *National Education Goals Report: Building a Nation of Learners* (Washington, D.C.: National Education Goals Panel, 1992), p. 119.
2. *1990 Census of Population* (Washington, D.C.: U.S. Department of Commerce, Bureau of the Census, June 1991).
3. U.S. Department of Commerce, Bureau of the Census.
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   Also like the national demographic changes, trends in enrollment growth are expected to continue. A recent study conducted by the Western Interstate Commission for Higher Education (WICHE) using Bureau of the Census and U.S. Department of Education data projects white public K-12 enrollments to increase slowly at a rate of 5% (from 25.8 million to 27 million students) between 1986 and 1995. In contrast, the minority population is expected to increase 32% (from 10.4 million students to 13.7 million students) during this period.
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The College Tuition Spiral: An Examination of Why Charges Are Increasing

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Overview of Trends and Summary of Conclusions

Rapid increases in college charges for tuitions, fees, and other costs of attendance have become an issue of great concern to students, parents, and policymakers. A large and growing proportion of students and their parents now worry that a college education will be out of their financial reach. Government and institutional policymakers, faced with the task of ensuring affordability, have intensified their search for ways to keep price increases down and to help families pay for college.

Representatives of higher education, government officials, and others have offered various explanations for why college charges increased at twice the rate of inflation in the 1980s, a trend in sharp contrast to the latter part of the 1970s, when tuitions and other charges grew more slowly than inflation. The pattern of tuition charges in both the 1970s and the 1980s also departs from the trend over the past half-century, during which college charges have tended to rise slightly faster—a percentage point or two per year—than the general rate of inflation.

Basic Hypotheses on the Rise in College Costs

A review of articles and statements on this issue reveals at least five categories of explanations for the rapid increase in the 1980s of tuitions and other costs of college attendance:

1. **"Colleges face increasing prices for what they purchase."** Higher tuitions and other charges reflect the increased prices that colleges are paying for the various goods and services they purchase.
2. **"Colleges are using tuition increases to finance expanded or improved services."** Colleges are purchasing more of a wide variety of services and capital needs that they are paying for at least in part through higher student charges.
3. **"The share of revenue from sources other than tuition is contracting."** College charges have increased because the share of costs covered by other nontuition revenue sources has decreased or remained stable.
4. **"Increased availability of student aid has led colleges to raise their student charges."** Expansion in federal, state, and institutional student aid makes it easier for colleges to raise their tuition charges and other costs of attendance.

5. **"Competitive pressures have convinced many colleges to increase tuitions."** Intensified competition for students and faculty has forced many institutions to increase their tuitions and other charges.

In addition to the five hypotheses listed above, this study explores another, less discussed reason why college charges have grown so fast in the 1980s: the decline in the size of the traditional college age group of 18- to 24-year-olds and the financial pressures that this demographic trend may have placed on many colleges and universities. This decline touches on many if not all of the other explanations discussed in this study, and may represent a crosscutting reason why college charges increased so much faster than inflation in the 1980s, contrary to historical trends.

In assessing these explanations, this study examines national data sources as well as available case studies of individual institutions. Although national data sources can be helpful in identifying general trends, they cannot apply equally to all institutions. American colleges and universities vary greatly in their size and location, their commitment to research, the age of their facilities, the nature of their financial arrangements with faculty and other personnel, and their student financial aid policies. These and other factors all help to determine what an institution charges and how fast those charges will increase over time. Why charges increase at one institution or at a set of institutions may differ dramatically from the reasons for increases at another institution.

Moreover, our reliance in this study on national data sources serves as a limitation because they often do not reflect the impact of institutional diversity. A more thorough testing of many of the hypotheses presented here, therefore would require the kinds of additional research we suggest in the last subsection of this overview.

Basic data on trends in college charges and expenditures are included as Appendix A. An annotated bibliography of recent studies, reports, and data sources concerning college costs and prices is attached as Appendix B.

Historical Trends in College Charges

An understanding of recent trends in college costs requires some detailing of broader historical movements in what colleges charge their students, in what colleges pay for the goods and services they purchase, and in the pattern of overall incomes. It also requires some understanding of the differences between college prices, revenues, and expenditures.

Trends in college charges, other goods and services, and incomes. The recent rapid increases in college tuitions and other costs of attendance have served as a lightning rod for criticism of the American system of higher education. They also have increased parents' concern about their ability to pay for their children's education in the future. A review of these trends shows that although there is considerable basis for concern, it may be misleading to extrapolate only from the most recent and most highly publicized events.

From 1980 to 1987, tuition and fees increased by slightly less than 1 percent per year—roughly twice the rate of inflation. All college charges including room and board as well as tuition and fees, increased at a rate of nearly 9 percent per year. The increase in college charges in the 1980s was substantially greater than price increases for other goods and services, including medical care and the price of a new home, as shown in Table 1.

The pattern of increases in college charges in the 1980s contrasts with the pattern in the 1970s, when tuitions and other charges lagged behind inflation especially in the latter half of the decade. In the 1970s, tuitions and other charges grew more slowly than the price of most other goods and services. If one looks at trends since 1970, college charges are in the middle of the pack of price increases. That is, they increased more rapidly than the price of food, new cars, and all services, but more slowly than the price of medical services and new homes.

TABLE 1

Changes in Tuitions and all College Charges, Prices of Selected Goods and Services, and Income measures, 1970 to 1987

	Average Annual Change (%)		
ITEMS	1970–80	1980–87	1970–87
Tuition and Fees			
Public	6.1	9.0	7.3
Private	7.6	10.0	8.6
Weighted Average	6.6	9.3	7.7
College Charges			
Public	6.3	7.9	6.9
Private	7.2	9.7	8.2
Weighted Average	6.5	8.8	7.4
Income Measures			
Median Family Income	7.9	5.6	6.9
Disposable Personal Income	9.5	6.6	8.3
Adjusted Family Income	8.4	5.8	7.3
Goods & Services			
All Goods and Services (CPI)	7.8	4.7	6.5
Food	8.0	3.9	6.3
New Cars	5.2	3.8	4.7
Medical Care	8.2	8.2	8.2
New Homes	10.7	7.0	9.2
All Services	8.3	6.5	7.6
Stocks & Bonds (Total Returns)			
Common Stocks	8.4	13.8	10.6
Long Term Corp. Bonds	4.2	15.3	8.6
Long Term Govt. Bonds	3.9	14.8	8.3
U.S. T-Bills	6.8	9.0	7.7

TABLE 1 (Continued)

Changes in Tuitions and all College Charges, Prices of Selected Goods and Services, and Income measures, 1970 to 1987

ITEMS	Cumulative Change (%) 1970–80	1980–87	1970–87
Tuition and Fees			
Public	80.3	83.3	230.5
Private	107.7	95.0	305.0
Weighted Average	90.3	86.0	254.1
College Charges			
Public	84.2	70.0	213.1
Private	99.7	91.7	282.8
Weighted Average	87.6	80.2	238.1
Income Measures			
Median Family Income	113.1	46.8	212.7
Disposable Personal Income	148.4	56.2	288.1
Adjusted Family Income	123.2	48.0	230.4
Goods & Services			
All Goods and Services (CPI)	112.2	37.9	192.7
Food	115.8	30.7	182.1
New Cars	66.6	30.2	116.9
Medical Care	120.5	74.1	283.8
New Homes	176.1	61.0	344.4
All Services	122.3	55.2	245.0
Stocks & Bonds (Total Returns)			
Common Stocks	124.6	147.6	456.2
Long Term Corp. Bonds	50.6	171.5	308.9
Long Term Govt. Bonds	46.6	163.5	286.3
U.S. T-Bills	92.5	82.8	251.9

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The severity of recent increases in college charges also is apparent when they are compared with the growth in incomes, which can be used as a measure of changes in families' ability to pay for college. As Table 1 indicates, increases in tuitions and all charges from 1980 to 1987 far outpaced the growth in median family income, family income adjusted for changes in family size, and disposable personal income per capita.[1] This relatively faster growth in tuition and other charges means that families' ability to meet college costs decreased in the 1980s.

In the 1970s, in contrast, college charges grew more slowly than each measure of income shown in Table 1. When looked at since 1970, college charges increased faster than median family income and the index of adjusted family income, but slightly more slowly than disposable personal income.

Comparing increases in what it costs to send a child to college with changes in the value of stocks, bonds, and other investments is one way to examine changes in parents' ability to save for their children's educational costs. Interestingly, in the high-tuition 1980s, the pretax return on stocks and bonds increased faster than the growth in tuitions and other charges, suggesting that many parents could have kept pace with college costs if they had invested in stocks and bonds. Whereas tuitions and other college charges increased by about 80 percent between 1980 and 1987, the value of stocks and bonds more than doubled—that is, increased by more than 100 percent. In the 1970s, the return on bonds lagged behind the growth in tuitions and other charges, but stocks outperformed the increase in college charges. Once taxes are taken into account, the return on stocks and bonds is reduced, however. This tax effect helps to explain why so many parents believe that whatever savings they have will not keep pace with the increase in college costs, despite the record of the past several decades.

Much of the concern about college costs has been generated not so much by the rate of increase in tuition and other charges as by the absolute dollar amounts that are now required to pay for college. The media has fed this concern by emphasizing the tuitions, fees, and other costs of attendance at the highest-priced institutions. It is not unusual for a story on college costs to begin by stating that a four-year college education now costs in excess of $80,000, based on what the most expensive private colleges and universities charge.

Yet the media tends to understate or ignore the fact that tuitions at most colleges and universities are substantially less than what the most expensive schools charge. In 1988–89, for example, roughly 200 institutions charged $10,000 or more in tuition and fees. But these 200 colleges and universities enrolled less than 5 percent of all full-time undergraduate students. At public four-year institutions, the average annual tuition and fees were less than $1,600 in 1988–89, and at public two-year institutions these charges were less than $800. The average tuition and fees in 1988–89 were around $1,200 at all public institutions, which enroll about 80 percent of all college students and 75 percent of all full-time students. Even at four-year private colleges and universities, the average tuition and fees in 1988–89 were less than $8,000, well short of the five-digit annual tuitions regularly reported in the press.[2]

The fact that tuition and fees and other charges in the 1980s increased twice as fast as inflation also may have been overemphasized by critics who have contended that colleges are "greedily" extracting more from consumers than overall inflation rates would indicate is fair. What this criticism ignores is the changing relationship of college charges and inflation over time.

Chart 1 indicates the annual percentage change in the Consumer Price Index (CPI), and in college charges for tuition, fees, room, and board between 1970 and 1987. One aspect of Chart 1 worth noting is that increases in college charges during the 1970s tended to lag behind shifts in inflation by a year or two, whereas in the 1980s the two tended to move together. Inflation heated up in the early 1970s, and college charges began rising faster a year or two later. The same pattern was true when inflation slowed in the mid-1970s, and again when it started to climb in the late 1970s. In the 1980s, however, increases in college charges closely paralleled changes in the inflation rate, with the annual percentage change in college charges remaining consistently about twice as large as the change in inflation.

Another trend indicated in Chart 1 is that college charges appear to move within a narrower band of change than does the general rate of inflation. Note that the peak of increases in inflation

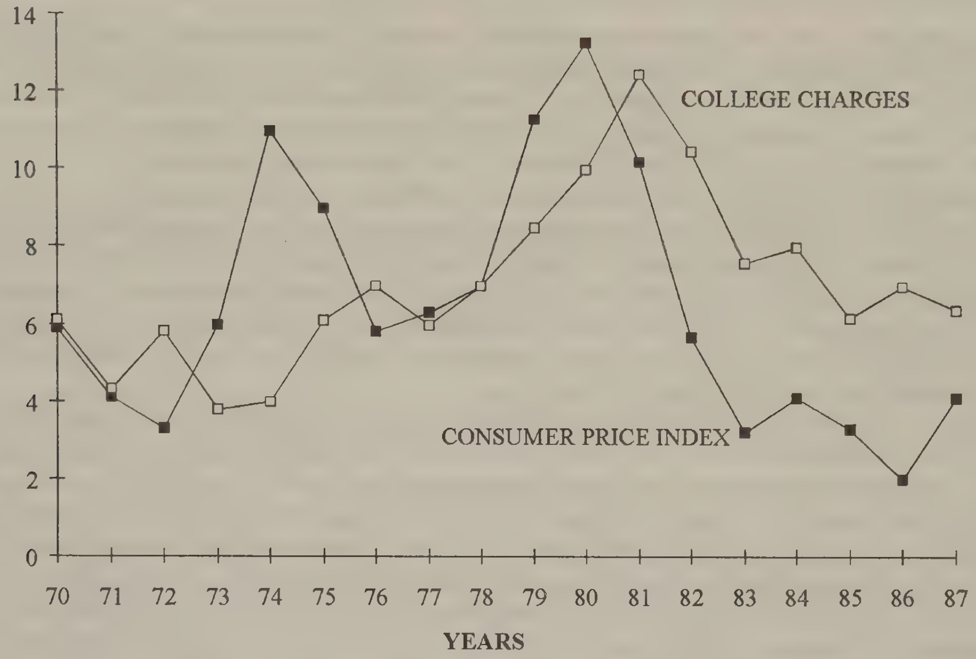

CHART 1. Annual Percentage Changes in College Charges and the Consumer Price Index (CPI), 1970 to 1987

in the mid-1970s was higher than the increase in college charges, that inflation increases peaked in 1980 slightly higher than the largest percentage increase in tuitions, and that inflation increases in the 1980s were substantially lower than the percentage change in college charges. In terms of variability over time, therefore, the shifts of inflation in one direction or the other have been wider than the fluctuations in college charges.

The lower volatility of tuitions and other charges relative to inflation is consistent with the fact that higher education is largely an administered price industry. A dominant characteristic of such an industry is that prices are set more by administrative fiat than by market-clearing supply and demand conditions. Other examples of administered price industries include health care, public transportation, and most heavily regulated activities. In such industries, those who set prices tend to try to smooth out variations in their underlying cost structure over time, so that extremely high inflation is not fully passed on to consumers. Similarly, large price declines for factors of production are not reflected fully in final product price cuts.

A statistical measure, the coefficient of variance, allows us to quantify the difference in the degree of variability in college charges and inflation that appears in Chart 1. This statistic divides the standard deviation of a data series by the mean of the series, thereby providing a measure of how much variation there has been around the average. Between 1970 and 1987, the coefficient of variance of the annual percentage change in college charges for public institutions was 33 percent; for private institutions, 28 percent. During that same period, the coefficient of variance for the annual change in the CPI was 49 percent. This difference in the size of the coefficient of variance confirms that inflation has been substantially more variable than the annual change in college charges, at least since 1970.

The differences between college prices, revenues, and expenditures. Any examination of college prices should include an admonition not to confuse tuitions and other charges with total institutional revenues and expenditures. Higher education is one of the few industries in our economy in which the price charged the consumer is substantially lower than the cost of producing the product, and in which the price for the product constitutes a relatively small share of total revenues. Few if any students pay the full cost of the education they receive in either the public or private sector of American higher education. For all institutions, tuition and fees represent about 20 percent of total revenues. Revenues from auxiliary enterprises, primarily room and board charges, account for slightly more than 10 percent of total revenues. Thus, all student charges combined account for about 30 percent of all institutional revenues.

These percentages differ significantly between public and private sector institutions because of the variation in their reliance on tuition and fees and state funding. In the public sector, tuition and fees from students are roughly 15 percent of total current fund revenues. For these institutions, state appropriations are a much larger source of funds than tuitions, representing 45 percent of all public sector revenues. From the perspective of tuitions as a percentage of what it costs to educate students, tuition and fee revenues are about 20 percent of education and general (E&G) expenditures at public institutions.

At private sector institutions, tuition and fees average nearly 40 percent of total current fund revenues, and are equivalent to over 50 percent of E&G expenditures. Tuitions clearly are a more important source of revenue and cover a much larger proportion of the costs of educating students at private institutions than at public ones. But other revenue sources nonetheless are still needed to pay for nearly half of the expenditures by private institutions for education and related purposes. Endowment income and private gifts represent an important source of funds for these institutions—15 percent of total revenues and 20 percent of what it costs to educate students. This income source historically has allowed private institutions with large endowments—a small percentage of all private institutions—to keep their tuitions substantially below the costs of educating students.

The fact that college tuitions do not cover educational costs fully is more than an academic statement. It affects the operations of both public and private sector institutions. In the public sector, tuitions are set as much or more by what the state provides through appropriations as by changes in costs, although cost and funding levels are clearly related. Officials at institutions with large endowments, on the other hand, can raise their prices at a different rate than the growth in their costs by adjusting expenditures from their endowments.

The difference between prices and costs also helps explain why college charges may not increase at the same rate as expenditures over time. It is perfectly plausible for college prices to increase at a different rate from expenditures because price in the form of tuition is a much smaller number than an institution's expenditure per student, or the "cost" of educating a student.

Assessing the Causes of Increasing College Charges

Our review of the existing data and the literature suggests that no single explanation fully accounts for the recent growth in college tuitions. Each of the explanations discussed here has something to offer to the question of increasing college charges, depending on the focus of inquiry. Yet, as is typically the case, some hypotheses appear to be more important than others.

- The strongest factor underlying the growth of public sector tuitions, for example, seems to be the pattern of state funding. That is, when state resources are strained, public sector tuitions tend to increase more quickly than when state funds for higher education are more available.
- In the private sector, however, the preeminent cause appears to be that many institutions in the 1980s began increasing their tuitions to pay for improved facilities and services, higher faculty salaries, and more student aid rather than competing for students through lower prices and fewer services of diminished quality.
- In both sectors, the decline in the traditional college-age group in the 1980s, we believe, has been a major influence on recent tuition increases. Level enrollments have made it more difficult for institutions to spread their fixed costs over growing numbers of

students, thereby contributing to pressures to raise tuitions. Increased spending for recruitment and retention of nontraditional students also has contributed to higher costs.

A summary of our main conclusions on the various hypotheses follows.

Colleges are paying more for the goods and services they purchase, including salaries and benefits for their faculty and other employees. Part of the answer to why tuitions have increased can be found in the increased prices that today's colleges and universities pay for the goods and services they purchase, as measured by changes in the Higher Education Price Index (HEPI). From 1980 to 1987, the HEPI grew at an annual rate of 7 percent, two percentage points faster than the general rate of inflation. This faster-than-inflation increase is attributable in large part to the increase in real levels of faculty and other employee compensation in the 1980s. Yet despite this real increase, faculty salaries have not fully recovered from their lag behind inflation throughout most of the 1970s.

Whether increases in faculty salaries and other employee compensation cause tuitions to rise or whether higher tuitions allow institutions to raise the pay of their employees is an important question, but one that has no neat answer. Some dramatic changes over the past decade in labor market conditions for faculty, especially in the sciences and engineering, certainly have generated additional pressure for higher salaries and other improvements in working conditions. Yet the growth in tuition revenues in the 1980s no doubt permitted institutions to improve their employee compensation more than if those additional revenues had not been available, including for faculty and other employees for whom the labor market did not materially improve in the 1980s.

The impact of higher faculty salaries on college expenditures and charges would have been even larger, however, in the absence of the trend in recent decades toward greater use of part-time faculty, especially at community colleges, which has helped to limit the increase in instructional costs. In the 1990s, some further moderation in the growth of instructional costs could occur as the large numbers of faculty hired in the 1950s and 1960s begin to retire and are replaced by younger professors commanding lower salaries.

These downward pressures on instructional costs will likely be more than offset, however, by upward pressures on salaries caused by changing labor market conditions in a number of fields. Increases in undergraduate enrollments projected to begin in the late 1990s will be accompanied by a fairly steady increase in faculty retirements and projected continued declines in the number of new PhDs. In addition, the legislatively scheduled end of mandatory retirement policies for faculty slated for the mid-1990s will moderate to some degree the rate of faculty retirements, thereby postponing the cost-reducing effect of replacing older faculty members with younger ones. Institutions will be forced to be creative in dealing with these pressures, and now may be an opportune time for them to review their tenure, contract, and recruitment policies.

The growth in instructional costs over time might have been moderated further if a wider range of colleges and universities had sought instructional productivity gains more extensively in their academic programs. For example, many research universities could have placed greater emphasis on teaching relative to the research activities of faculty, in contrast to the apparent trend toward reduced teaching loads and a heightened focus on research. Greater teaching productivity also might have been achieved through the enhanced use of new technologies. Although some institutions have been aggressive in adapting new technologies to the classroom, most have not. Many apparently are persuaded that the financial and pedagogical costs of introducing new technologies into their academic programs exceed the benefits.

Another obvious form of productivity enhancement, of course, would be to increase class sizes, although this has the substantial drawback of potentially reducing the quality of education received. The available statistics indicate, however, that overall student/faculty ratios have declined over the past decade, suggesting that most institutions in the 1980s did not seek cost efficiencies through larger class sizes.

Spending per student has increased in real terms. Current funds expenditures by colleges and universities increased 8 percent per year in the first half of the 1980s. This suggests that maintaining and improving quality through increases in the amount of goods and services purchased led to a growth in expenditures roughly one percentage point per year faster than what institutions paid for those goods and services, as measured by the 7 percent annual growth in HEPI during that time. Others have argued that the real increase in college spending was 3 percent per year in the early 1980s, by comparing the 8 percent annual growth in expenditures to the 5 percent growth in the Consumer Price Index during that time. We believe that the HEPI is the more appropriate index for measuring real changes in institutional expenditures—that was why it was created—and that the CPI is the better measure for gauging families' changing ability to pay for college.

Relatively level enrollments in higher education over the past decade also may have contributed to the recent rapid increase in expenditures per student. College enrollments have increased on average about 1 percent per year since the mid-1970s, in sharp contrast to the more rapid growth of the 1960s and early 1970s. For some colleges and universities, the lack of growth was the intentional result of stable-enrollment policies. For other institutions, where applicant to student ratios are much lower, level or declining enrollments may have been more a consequence of the decline in the traditional college-age population. For whatever reason, many institutions in recent years have been unable to spread their costs over a growing number of students.

One measure of the impact of level enrollments on costs is the fact that total and per-student expenditures increased at roughly the same rate between 1975 and 1985. In contrast, in the 1960s, when enrollments doubled and total spending more than tripled, per-student expenditures increased by less than 50 percent. If enrollments had continued to grow in the late 1970s and into the 1980s, the increase in per-student expenditures probably could have been reduced by one or two percentage points per year, at least at institutions that were not at full capacity and that could absorb additional students without needing additional facilities. If per-student spending had increased less, it is reasonable to suppose, the recent rapid growth in tuitions and other charges also might have slowed.

The growth of several expenditure categories merits special attention. From 1975 to 1985, the composition of spending by colleges changed very little. Instructional costs, the largest component of college expenditures in the statistics reported by the Department of Education, declined as a proportion of total spending by one to two percentage points in both the public and private sectors, whereas administrative costs increased by a similar degree. The other expenditure categories as a share of total spending remained relatively constant over the 10-year period. Although the composition of expenditures has not changed substantially since the mid-1970s, certain spending categories have increased faster than others. The fastest-growing categories have been administrative costs in both sectors, and financial aid, student services, and public service activities at private institutions.

A U.S. Department of Education report issued in 1988 suggested that bloated and overpaid bureaucracies were responsible for the rapid growth in administrative costs. But the report failed to determine how much of the growth in administrative costs might be attributed to greater student demand for services, such as career counseling and financial aid, and to greater governmental demands in affirmative action, hazardous waste disposal, and many other regulatory and reporting requirements, as opposed to unnecessary staff enlargements and excessive salary increases.

It appears that the rising costs of conducting campus-based research also may have spurred tuition increases. Even though federal support for sponsored research in the 1980s grew in real terms, the costs of doing research in the form of equipment, facilities, and salaries appear to have increased even faster, meaning in effect that institutions "lose" money with each additional federal research grant they receive. To the extent that other institutional funds are used to make up for this shortfall in federal dollars, tuitions may be "paying" for federal research. Although undergraduate tuitions have paid for graduate student fellowships for many years, tuitions now also may be supporting research operations to a greater extent than before.

The possible effects of research on tuitions are not confined to research universities alone. Faculty on most campuses have pressed for more research time funded through internal sources, and a wide range of institutions are facing pressures from accrediting bodies and others to increase their internal funding for research, especially in the professional fields of business, law, and engineering. Moreover, to the extent that research universities are frequently "price leaders" in the higher education industry, higher research costs also could be contributing to tuition increases at nonresearch institutions.

Growing capitalization costs in the form of more computers and equipment and the construction and renovation of academic, recreational, and other facilities also may be contributing to the rise in tuitions. But the Department of Education's spending statistics are for current funds expenditures only, and therefore they do not reflect changes over time in capital investment, except in the reporting of interest expenses on debt used to finance these expenditures. If capital costs were included in the department's figures, the percentage growth in expenditures by colleges might appear larger.

State funding patterns have influenced the rate of increase in public sector tuitions. For public sector institutions in most states, changes in the availability of state resources appear to be a major reason for the pattern of tuition increases over time. The largest increases in public sector tuition and fees occurred in the early 1980s, when the annual percentage increase in tuition and fees grew at double-digit rates, much faster than inflation. During this time, the ability of states to fund public colleges and universities was constrained by the impact of the severe economic recession on state revenues, which, in turn, limited the growth in state funding for higher education. In the mid-1980s, as the economy improved, funding for higher education in most states increased in real terms, and public tuition increases have moderated.

The experience of the 1980s appears to confirm the traditional inverse relationship between economic conditions and public sector tuition increases: When the economy is in a downturn, the growth in state resources is constrained, and this in turn places greater pressure on officials to increase tuitions faster to make up for the difference between institutional budgets and the level of state funding. Conversely, when the economy improves, more state funds become available, and tuitions tend to increase less.

A principal reason for the inverse relationship between economic health and public sector tuition increases is the fact that tuitions tend to act as a buffer at the end of the budget process, making up the difference between what an institution receives from the state and its budgeted level of expenditures. It is also worth noting, with respect to the responsibility for rising tuitions, that the officials of many public colleges and universities do not set tuitions at their own institutions; that task is performed either by central governing boards or by the state legislature itself.

General economic conditions are not the only factor which affects a state's financial condition and therefore its public sector tuition levels. A state's ability to fund higher education may be constrained, for example, by increased competition between higher education and other state priorities brought about by changing federal priorities or initiatives (such as California's Proposition 13) that lead to more state responsibility for functions previously performed at the local level. If less state funding is available for higher education, tuitions may have to be increased to make up the difference between what the state provides and institutions' budgetary needs. More recently, revenue misestimates in a number of states, particularly in the Northeast, have created pressures in subsequent years to restrict funding for state activities including higher education. It is also the case that all states do not participate fully in the economic recovery. For those states with problem economies, the consequent restriction in state revenue growth forces their public sector tuitions to increase more rapidly than in most other states.

Public institutional officials also can affect revenue streams by how they set charges other than in-state tuitions. These other charges include mandatory fees, room and board charges, and tuition charges to out-of-state students. It does appear that in many states in which tuitions are set by the legislature, institution-controlled mandatory fees have increased more than tuitions. In many states, room and board charges also have increased faster than tuitions, thereby resulting in increases in total charges that exceed the growth in tuitions alone. Yet although anecdotal evidence from individual states and institutions suggests that tuitions for students from outside the state have increased faster than those for their in-state peers, available data indicates this has not been so.

At least a dozen states now have moved to a system in which their public sector tuitions are tied to a formula based on spending at public institutions or on state funding levels. In these states, public sector tuition increases tend to vary directly with changes in the economy and in state funding, rather than to follow the more traditional inverse relationship. If additional states adopt formula-based approaches to tuition setting, we should see a more direct relationship in national trends between state funding of higher education and public sector tuition increases. That is, when the states contribute more to public institutions, tuitions, by formula, will tend to rise faster than when the states' funding is more constrained.

Such a change could be beneficial in that students attending public institutions no longer would face the largest tuition increases during the leanest economic times. On the other hand, tuition/funding formulas can strain institutional budgets during times of economic recession, as revenues are reduced both because of lesser availability of state funds and lower tuition revenues. A preferable alternative would be for states and public institutions to smooth out these cyclical effects by setting up reserve funds when state funds are more plentiful to supplement the funding that is available during economic hard times. This kind of "rainy day" budgeting approach would help to protect students enrolled in public sector institutions against large-scale tuition increases such as those that occurred during the recession of the early 1980s.

Reduced income from endowments and private gifts has not been a major factor in the rapid growth of tuitions in the 1980s. The share of revenues from endowment income and private gifts, a major source of nontuition revenues for private colleges and universities, did not change appreciably between 1975 and 1985. Endowment income grew slightly as a share of all revenues, but this growth was offset by a similar reduction in the share coming from private gifts. In the public sector, there has been a rapid increase in endowments and gifts, causing concerns among private sector officials that public sector fund-raising eventually could lead to reduced endowments and gift-giving for private institutions. But endowment income and private gifts still account for a small share of the revenues of public institutions and do not appear to have much impact on their tuitions.

In discussing the role of endowments and private gifts in college financing, it is important to be aware of the great variation among institutions. The 100 colleges and universities with the largest endowments account for more than two-thirds of all institutional endowment holdings. At these institutions, fluctuations in the level of endowments and incomes often play a critical role in the setting of tuitions. But at nine out of ten institutions, annual endowment income is a small percentage of the total budget, and endowments and gifts are not significant factors in price-setting decisions.

Increased availability of federal student aid has little to do with the increase in tuitions and other charges. William Bennett, when he was secretary of the Department of Education, and other Reagan administration officials argued that the availability of federal student aid was responsible in great measure for the rapid increases in college charges in the 1980s. The premise of their argument was that many if not most colleges raise their prices because they know that federal student aid will be available to pay for these increases.

This hypothesis is flawed in at least three ways, however. First, only half of all students receive any form of federal student aid, and many receive only modest amounts. Most students, therefore, pay for tuitions themselves, and institutions cannot simply depend on federal aid to soften the blow of price increases.

Second, federal student aid increased much more rapidly in real terms in the 1970s than it did in the 1980s, whereas the growth of tuitions and other college charges was much faster in real terms in the 1980s than in the 1970s. If federal student aid were fueling tuition growth, one would expect to see a direct relation between increases in tuitions and other charges and increases in federal aid. This has not been the case. Instead, funding growth slowed noticeably in the 1980s, and the maximum grant and loan limits in federal student aid programs declined in real terms.

Third, an examination of the structure of federal student aid indicates that for the most part it does not feed tuition escalation. Grant and loan limits, as well as the mechanics of the program award formulas, prevent aid from increasing dollar for dollar with each increase in tuition and other charges. Estimates provided by the Department of Education indicate that for every dollar increase in college charges, federal student aid might increase by 20 to 30 cents for those students eligible to receive aid. When non-aided recipients are factored into the equation, a dollar increase in college charges results in perhaps 10 to 20 cents of additional aid. This represents a very weak form of indexation. It certainly does not support the theory of a strong linkage between aid and costs.

In two instances, however, the availability of federal student aid can be linked to tuition increases. At institutions that charge little or no tuition, an increase in tuition generally will be matched by a similar increase in the federal aid provided to needy recipients. The City University of New York in the mid-1970s is a case in point. The availability of federal aid also appears to influence tuition-setting in the proprietary sector. Here, the limited data that are available suggest that tuitions and other costs of attendance have moved in tandem with changes in the Pell Grant maximum award and federal student loan limits, at least at some proprietary schools.

The rapid growth of internally funded student aid has contributed to tuition increases, especially at private sector institutions. If anything, it appears that real decreases in federal student aid lead to higher prices, as many institutions have provided more aid out of their own funds in the 1980s to compensate for the slowdown in the growth of federal aid. This factor has been especially pronounced at private institutions. To the extent that this aid is paid for by increases in tuitions rather than by depletion of endowments, it adds to the "sticker price" faced by all students and their families.

Our analysis of available data indicates that the growth over time in internally funded student aid at private colleges and universities may have added from less than one to as much as two percentage points to their annual tuition increases. Although tuitions thus could have been lower if this aid had not been increased, this reduction in the sticker price would have been accomplished at the risk of less diverse student bodies and diminished access to higher education for needy students.

Many institutions, especially in the private sector, have chosen to compete not through lower prices but through expanded and improved facilities and services. In discussing the relationship between college expenditures and tuitions, it is worthwhile to distinguish between what institutions must spend and what they choose to spend. Every college and university has a basic level of expenditures it must make to keep its doors open: utilities bills must be met so that the lights stay on; faculty and other personnel must be paid sufficiently to keep them working at prescribed levels; interest on debt must be paid; creditors must be satisfied; and so on. Although revenue sources other than tuition can be used to meet these expenses, institutions must charge a certain level of tuition, as well, to meet these basic costs.

Above this minimum "base level" tuition, institutions may choose to increase their charges to pay for a variety of important projects, such as restoring the real level of faculty salaries, building new facilities or renovating old ones, providing additional financial aid to students, and enhancing student support services. The extent to which tuitions are increased determines in large measure where on the list of institutional priorities the line is drawn. The higher the tuition increase, the more items on its priority list an institution can achieve.

In the 1980s, competitive pressures in the tuition-setting process, particularly at private institutions, apparently contributed to the rapid increases in tuition and other charges. This statement seems odd since, in most industries, increased competition for customers (in this instance, students) would lead providers of a service (colleges) to *reduce* their prices. Indeed, the need to attract students by keeping prices low probably has played an important role in restraining the growth of tuition below what it otherwise would have been.

In general, however, colleges in the 1980s tended to *increase* their prices as competition for students intensified. One reason for this is that some leading institutions in the late 1970s and early 1980s apparently concluded that they were underpriced relative to their market value, and that many students and their families could and would pay more than they were being charged. This kind of pricing strategy could be justified as long as student aid budgets also were increased, so that needy students would not be denied the opportunity to attend as a result of higher sticker prices.

A number of institutions seem to have decided that they could no longer postpone renovating or replacing their deteriorating facilities, restoring the real level of faculty salaries, or meeting the demand for more student services. Many found it necessary to pay for these improvements through higher tuitions. The rapid growth in the use of internally funded student aid represents still another manifestation of competition that leads to higher prices.

Another form of competitive pressure that may have contributed to recent tuition inflation is the tendency of some institutions to follow the lead of others. That is, once price-leading institutions decided to employ a high-tuition/high-aid strategy, others followed suit. Of course, the price-leaders for one set of institutions are not the same as those for another group of institutions. Small, regional liberal arts colleges certainly do not take their lead from Harvard. But they may be influenced by what a nationally recognized liberal arts college charges, just as that school may look to the Ivy League when it sets its tuitions. Thus, the price leadership process may be propagated throughout higher education.

The pattern of tuition increases in the 1980s suggests that price leadership of this sort did occur. Large percentage increases in tuition have not been confined to a small group of expensive institutions. Instead, the pattern of rapid increases has been widespread, as institutions have tried to keep pace with the trend-setters. In a number of instances, this kind of behavior actually may have had the effect of making tuition charges a much higher proportion of per-student spending at "follower" institutions, a pattern that has led some observers to comment that in higher education, higher prices are being confused with higher quality.

Colleges also compete by providing the broadest range of course offerings and services to their students. A long-standing tendency in American higher education is to try to be comprehensive rather than to specialize in certain fields. This tradition contributes to a higher cost structure. Thus, one way to reduce costs would be for institutions to be more receptive to the notion of specialization and comparative advantage rather than aiming to be all things to all their students.

The decrease in the traditional college-age group is a crosscutting factor that helps to explain the rapid growth of tuitions in the 1980s. A common thread appears to run through many of the explanations for increasing college charges examined in this study—the decline in the number of students in the traditional college-age group of 18- to 24-year-olds, which peaked at the beginning of the 1980s at 30 million and has since declined. There are several reasons we believe it is more than a mere coincidence that college charges began to increase so rapidly when the traditional college-age group began to decline.

At first glance, it seems the opposite effect should apply. Fewer 18- to 24-year-olds should result in fewer students going to college, and hence, as in many industries, greater pressure among competing providers to *decrease* prices for consumers. But at least three factors help to explain why the decline in the size of the traditional college age group may have resulted in pressures to increase prices, more than offsetting the tuition-depressing effects of the growing competition for students: (1) the higher expenditures per student that result from the inability of institutions to spread their costs over larger numbers of students; (2) increased costs for recruitment and retention, and (3) the increase in the relative economic value of a college education and its impact on demand.

The decline in the size of the traditional college age group has led to a leveling in college enrollments since the mid-1970s, after several decades of rapid increase. (Enrollments would have fallen in the 1980s except for a small increase in the participation rates of traditional college-age students and a large influx of older, nontraditional students.) As we noted earlier, these level enrollments in turn have prevented most institutions from spreading their spending increases over a larger number of students, as they did from the late 1950s through the early 1970s.

Increased recruitment and retention costs may be another result of the decline in the number of traditional college-age youth. To compete for the dwindling number of traditional college-age students, many institutions have devoted additional resources to recruitment, such as marketing efforts, larger admissions staffs, and more internally funded student aid—especially at private institutions—to attract an adequate number of qualified students to their campuses. These recruitment costs are undoubtedly one component of the increased costs of administration that are being reported on so many campuses.

Heightened efforts to identify and attract larger numbers of minority and disadvantaged students have added not only to the costs of recruitment, but more importantly to the costs of retention as these students typically require more support services than majority students from more affluent families. The growth in the number of nontraditional and part-time students also may have resulted in increased budgetary pressures because of the additional services they require per full-time-equivalent student and the lower revenues they yield (for example, by not purchasing room and board) relative to the traditional college student. In short, college students today are a far more heterogenous group than were students of the past, and this has contributed to higher costs through the greater degree of adaptability colleges must manifest to meet these more diverse needs.

The decline in the number of traditional college-age youth probably also has contributed to the increased economic rates of return that have been reported in recent years for workers with college experience. Because a smaller number of traditional college-age students are coming out of college, employers may be competing more vigorously to hire graduates, thereby driving up the compensation these new workers receive. This heightened demand for college graduates may be one reason for the growing difference in incomes between individuals who have college training and those who do not. This renewal in the perceived relative value of a college education could well be one of the reasons for the continued high demand for a college education in the 1980s, indicated by the fact that the number of applications grew despite the decline in the college-age population. The continued growth in numbers of applicants, in turn, could be one factor that has convinced college administrators to charge higher tuitions.

College charges are likely to continue to climb faster than inflation for the foreseeable future. In the 1980s, as inflation changed, college charges moved in a similar fashion. When inflation was higher in the 1970s, however, college tuition increases did not track with inflation in a systematic way. The pattern in the 1970s suggests that if inflation increases markedly over the next several years, it probably will not be accompanied by an immediate and similar shift upward in the rate of change in college charges. Indeed, if the 1970s are a guide, a narrowing and perhaps a crossing in increased college charges and overall inflation are more likely.

To the extent that the decline in the number of traditional college-age youth played a major role in the increase in college spending and charges per student in the 1980s, as we have argued, the continued decline in this age group through the mid-1990s suggests that college charges probably will continue to outpace inflation for the foreseeable future.

Such a projection of continued rapid increases in college charges should be tempered, however, by noting that other factors could change. For example, it is difficult to imagine that consumers will be unlimited in their willingness to pay steadily rising college prices. Although demand apparently was relatively insensitive to price increases in the 1980s, basic economic theory suggests that at some point price increases at double the rate of inflation will lead to greater price sensitivity on the part of the consumer. This would be especially so if, in the future, the perceived value of a college education once again diminishes, as was the case throughout much of the 1970s.

The future course of the economy also could be an important factor in determining the pattern of tuition increases. In the public sector, an economic downturn would place greater pressure on institutions to raise their tuitions to make up for constrained growth of state funding sources, especially in the majority of states which have no direct linkage between tuition levels and institutional funding or expenditure levels. For private sector colleges and universities, an economic slowdown could threaten their high-tuition/high-aid strategy because a recession would dampen the willingness and ability of many middle- and upper-income families to pay the growing costs of attendance, thus limiting the ability of these institutions to raise their charges.

Directions for Additional Research

In preparing this report on why college charges have increased, we repeatedly encountered areas that require additional research. The areas in which more research would prove most fruitful include the following:

The rapid growth in administrative costs. Further examination of the reasons why administrative costs have increased so rapidly would be helpful. Have these costs increased simply to pay for more institutional overhead, or have they risen to meet growing student demands for more services and requirements imposed by more government regulations? Case studies could prove most useful here. Such research should take into account the enormous variation in the cost structure of different types of institutions.

The relationship of research spending and tuitions. The assertion that the additional costs of doing campus-based research have been a factor in the recent increase in undergraduate tuitions should be investigated further. It would be worthwhile to know, for example, whether institutional efforts to maintain their research structure on campus are contributing substantially to increased tuitions, or whether other nontuition revenue sources are being used to pay the increased costs of doing research. Such an analysis of cost trends might also consider whether current statistical treatment of expenditures should be modified to reflect the growing capitalization of many campuses for research and other needs.

The impact of faculty trends on instructional costs. There are many unresolved issues regarding trends in faculty compensation and utilization, and their possible impact on college expenditures and charges. For example, to what extent are changing hiring patterns affecting the cost structure of institutions? Would the introduction of new teaching technologies result in cost efficiencies, and how would it affect the quality of the education received? Will a trend toward more dependence on outcomes assessment have any substantial impact on the utilization of faculty?

The diversity in institutional circumstances. This report was limited to an examination of how *national* trends help to explain the growth in college charges. But concentrating on national data necessarily masks the different reasons why particular institutions raise their tuitions and other charges. Further research should focus on the degree to which institutional differences help to explain the pattern of tuition increases.

The composition and impact on tuitions of internally funded student aid. Relatively little data are available on the student aid that institutions provide from their own funds. The growth over time in this form of aid, whether it has been funded through higher tuitions or through the use of endowments, and what types of aid are available all remain unclear. The federal government no longer asks for this information when institutions apply for campus-based aid; this change increases the need for an alternative data source. Additional work is needed to determine the role of internally funded student aid in recent college tuition increases.

The role of institutional pricing policies. Many questions remain about the influence of pricing policies on the rise in tuitions and other charges at both public and private institutions. Further investigation, for example, is needed of the impact on public sector tuition levels of formulas that tie tuitions to expenditure or state funding levels. Under what circumstances do these funding formulas work, and what are the limitations of such arrangements, especially when state funding is enrollment-driven as well? In addition, an analysis of the reasons for the possible divergence at public institutions in the growth of tuitions and other charges for mandatory fees and room and board would be helpful. For private colleges and universities, more work is needed to identify different pricing models that are used at the institutions. Does the type of pricing model that an institution uses have an effect on how fast its tuition increases?

The impact of enrollment trends on college charges. In this study we have speculated that the decline in the size of the traditional college-age group and the leveling in higher education enrollments have been important factors in the surge of tuitions in the 1980s. But more analysis is needed, through case studies and through more thorough examination of financial and demographic trends, to determine the extent to which this hypothesis is valid. One avenue of analysis would be to examine whether high tuition increases correlate with low enrollment growth among a cross section of institutions measured over different time intervals.

Notes

1. The measure of income used makes a difference in how increases in college charges compare with changes in income over time. Median family income, for example, has grown more slowly than disposable personal income in the 1980s for a number of reasons, including the increase in two-earner families. In recognition of some of these differences, the Congressional Budget Office (CBO) in 1988 published an analysis, *Trends in Family Income, 1970–1986,* in which the median family income was converted into an index and adjusted for several factors, including principally the reduction over time in the average size of American families. Changes in the CBO index appear as the figure for adjusted family income in Table 1.
2. Figures on tuitions and unpublished tabulations of enrollments cited here are from the College Board's "Annual Survey of Colleges" (New York: 1989).

Political Influences on State Policy: Higher-Tuition, Higher-Aid, and the Real World

CAROLYN P. GRISWOLD AND GINGER MINTON MARINE

The proper balance of responsibility for financing higher education among states, the federal government, and families has been the focus of intense debate for nearly three decades among educational leaders, analysts, politicians, and the public. One particular financing policy proposal has surfaced at least once each decade: shifting the balance from tuition support to direct aid for needy students. Proponents suggest that states should allow tuition levels to rise to cover a greater portion of educational costs while raising aid levels to protect lower-income students. Higher-tuition/higher aid proposals have drawn supporters and critics from all political positions, and "strange bedfellows" may be found on each side of the issue. They argue that tuition support benefits all students equally, even middle-income and wealthy students who could afford to pay more. They also insist that, since public resources are limited, this subsidy of the affluent dissipates support for the truly needy.

During the last decade, supporters of high-tuition/high-aid plans have again become vocal, pointing out that tuition levels are rising anyway, piecemeal, as a result of state budget problems (Gladieux 1992–93; Hauptman 1990; Wallace 1992). Lawrence Gladieux (1992–93) finds that "neither federal nor state governments seem prepared to assume a rising share of the college bill, and a relatively greater burden appears to be shifting back to the student and family" (1992–93, 15). There are concerns that, without changes in policy, low-income students may be priced out of the higher education marketplace.

Thus, a policy of high tuition linked to high aid has been suggested to ameliorate the effects of apparently inevitable tuition increases, while increasing the efficient use of scarce public funds. However, critics suggest that these changes would place financial barriers in the way of low- and middle-income students and their families, who would find it difficult to deal with higher costs and would also be unlikely to receive offsetting aid. Critics also claim that such policies cannot overcome the obstacles they will face during the political process and will inevitably lead to even higher tuition than proponents advocate with no accompanying aid increase. Certainly, attempts are being made to coordinate the two policies. Charles Lenth found that approximately half of the states have tried to establish some type of relationship between tuition and aid levels (1993, 23–24). However, he also found that these attempts have not always led to "coordination in practice" (24).

Earlier discussions of this policy issue were often based on theory and opinion, extrapolating from data gathered in low-tuition/low-aid states. There has been much discussion of the theoretical problems and advantages of targeted state aid—and some, but perhaps less, about research findings concerning policy effects (Hearn and Anderson 1989; Hearn and Longanecker 1985; Moore 1978). However, there has been relatively little investigation of the impact of political forces on attempts to adopt this "rational" economic policy, especially through in-depth case study analysis at the state level. Analysts may now turn to more relevant research data, as several states have adopted or attempted to adopt higher tuition/ targeted-aid plans. While the linked higher-tuition, higher-aid policies have not been adopted in enough states to give clear evidence about efficiency and equity effects, the question of how the policy is affected by the political process may be investigated.

This article examines policy development and debates related to both sides of this issue, outlining the arguments of both sides. It then presents case studies of proposals to change state tuition and aid policies, examining and analyzing what has happened to such proposals in the political process in five states: New York, California, Washington, Massachusetts, and Minnesota. Its results may help policymakers evaluate proposals being considered in the on-going debate. The study suggests that carefully considered explicit links between policies are vital but that, even with such links the adoption and implementation of higher-tuition and higher-aid financing policy face difficult political obstacles.

Efficiency, Equity, and Tuition Policy

Before World War II, there was not much debate about tuition and student aid at public institutions. Howard Bowen (1974) points out that during this time, charges to students were borne primarily by families, and institutional costs were borne primarily by society in the form of governments, churches, or other organizations. Low tuition levels were an accepted part of this arrangement. Bowen links changes in this arrangement after 1957 to the huge increase in government financial aid efforts and lack of protest as tuition levels were increased (13).

Such changes aroused debate about the appropriate way to finance higher education. Interest in expanding the role of the federal government was sparked in part by liberal support for equal opportunity during the War on Poverty of the 1960s (Stampen 1980). There was also a reconsideration of the roles of states and families in financing higher education. The 1967 Zacharias Plan called for financing higher education mostly through income-contingent loans. Jacob Stampen notes the influence of Milton Friedman who, in a 1968 article, called for a free-market approach to financing higher education "with students being charged tuition covering the full cost of instruction" (15). In a 1969 study of the California financing system, Lee Hansen and Burton Weisbrod called for tuition levels based on "the marginal net social costs of education and interest rates based on the marginal net social cost of borrowing" (1969b, 93).

The arguments of high-tuition/high-aid advocates have often been based on a rational model of tuition setting that attempts to promote efficiency and take into account the relative costs and benefits of higher education to society and the individual. Many high-tuition/high-aid advocates insist that the individual gains most of the benefits of higher education—or that at least more accrue to the individual than low tuition levels would suggest. They express skepticism about the extent of intangible societal benefits of higher education attendance, complaining that such benefits are difficult to specify and measure (Fischer 1990; Hansen 1970, 339; Nerlove 1972; Wattenbarger 1971; Windham 1972). Supporters of low-tuition strategies maintain either that society gains large benefits from higher education (through better educated citizens or more skilled workers and taxpayers) or that families, even with large tuition subsidies, already bear most of the costs of college through payments for fees and other expenses and through opportunity costs (Mingle 1992; Pechman 1972, 369; Stampen 1980). Henry Steele Commager points out that as higher education became more universal, it became necessary for society to support higher education to ensure well-educated citizens, just as earlier changes had fostered support of free primary and secondary education (cited in Stampen 1980, 17). Critics such as Richard Freedman have argued, however, that returns on higher education for individuals have diminished (cited in Stampen 1980, 17), although a more recent examination of the evidence suggests that the individual still receives a significant return on investment in higher education (Leslie and Brinkman 1988).

Proponents of high-tuition/high-aid tuition policy also claim that such changes would bring about a greater efficiency. For instance, Douglas Windham maintains that, even if societal benefits exist, subsidies are not needed unless the benefits would not happen without the subsidy (1972, S174). Marc Nerlove, maintaining that tuition "is not now but should be, a price in an economic sense" (1972, S179), calls for full-cost pricing so that "optimal" levels of student demand will be maintained. While some students could be given aid "if such a pricing policy is necessary to achieve a certain quality of the product" (S215), aid funds should come from the higher prices charged other students. Increasing tuition was also suggested as a means of increasing the quality and efficiency of public institutions by providing needed monies to institutions (McPherson and Schapiro 1991, 18), thus allowing public institutions to better meet the demands of their "customers" and compete with private institutions (Herzlinger and Jones 1981, 254; Fischer 1990, 47).

While Stampen finds that the two sides of the argument "might be characterized as a dialogue between two groups addressing each other in different languages" (1980, 18), Carol Van Alstyne pointed out in 1974 that "the current debate over tuition levels is extraordinary in that both sides—that is, those who want to increase tuition levels and those who want to keep tuition low—claim to be seeking exactly the same objectives" (37). Her point still holds. One of those shared objectives is increased equity and equality of opportunity. Gary Johnson and Larry Leslie present the argument of low-tuition advocates, viewing public tuition as a form of taxation and concluding that "the middle-income student and his/her family would bear a disproportionately large share of the burden resulting from substantial increase in public tuitions" (1976, 27), since lower-income students would receive a subsidy and upper-income students are more likely attend elite private institutions.

High-tuition, high-aid policy advocates, however, maintain that low tuition is inequitable because it provides aid in the form of tuition support to all students, regardless of income (Brownlee 1972; Fife 1980; Hansen 1972: Hansen and Weisbrod 1969a, 1969b; Wallace 1992, 1993). Furthermore, as low-income students are less likely to continue their education past high school, they are less likely to benefit from the subsidy. As O. H. Brownlee points out, "Educational subsidies are of no benefit to those who cannot take advantage of them and can make the distribution of income more unequal than if they did not exist" (1972, S275). High-tuition, high-aid advocates also point out that their policy may be the only viable route to equal educational opportunity in this period of economic stress. Thomas Wallace suggests that, in the current context of rapidly rising tuition levels that are not linked to financial aid, "the reality . . . is that students increasingly are being lumped according to family income into two-year and four-year commuter colleges and residential universities" (1992, 25).

Low-tuition supporters have often expressed concern about middle-class students, seen as caught in a squeeze between poor students, assisted by state and federal aid, and wealthy students, relatively unaffected by increasing costs. Johnson and Leslie described the high-tuition proposals as "a kind of zero-sum game between middle- and low-income groups" (1976, 27) in which equity for low-income students would be accomplished only at the expense of middle-income families. Significantly, the authors called for tuition stabilization rather than low tuition. They also advocated expansion of the pool of families eligible for aid to include middle-class students (39). On the other hand, high-tuition/high-aid advocates perceive problems for middle-class students caused by low-tuition policies. Sam Peltzman (1973) points out that low tuition distorts the choice process, encouraging middle-class families to choose institutions on the basis of cost rather than quality.

High Tuition/High-Aid Policy and the Political Process

While high-tuition/high-aid advocates argue that such policies would increase both the efficiency and equity of higher education, such arguments may be moot if the policies cannot be effectively adopted. James Mingle (1992) maintains that it is easier to obtain political support for tuition subsidies than for aid programs, especially since tuition subsidies provide a means of ensuring state supervisory power. Low-tuition policies may also appear simpler and more familiar to families and to policymakers (Bowen 1971a, 1971b). Darryl Greer agrees that high-tuition/high-aid policies would deprive higher education of its affluent students and pit middle-class and low-income students against each other (1992, 11).

The interests of middle-class families play an important role in determining legislative support for tuition and aid policies. Early in the debate over this issue, Christopher Jencks and David Reisman (cited in Orwig 1971, 337) claimed that state legislators usually attend to the demands of middle-class voters, who treat public tuition subsidy as a forced savings plan. Such families pay taxes instead of saving money for tuition; and when it is time for their children to attend college, they expect tuition to be low. Catherine Marshall, Douglas Mitchell, and Frederick Wirt suggested that implicit assumptions such as these may make some policies societally unacceptable (1989, 40). Policies that increase tuition appear to fit the authors' description of especially hard-to-adopt "policies that trample on powerful interests, . . . lead to open defiance, . . . defy dominant traditions, . . . [or] diverge from the prevailing dominant values" (41–42).

Attempts to link tuition and aid policy must also confront the lack of coherence that typifies state education policymaking. Chris Pipho describes a "fragmentation" in which "adversarial" actors, with "short-term perspectives" rely too little on impartial data and are uninformed about "the complexity of the issues" (1993, 672). Within this adversarial milieu, Patricia Crosson points out, higher education funding, "one of the few remaining large discretionary areas in the state budget, is open to influence by powerful personalities, public opinion, and the state's social environment" (1984, 132-33). In addition, colleges must compete with elementary and secondary systems for increasingly scarce state funding (Lively 1994a). Higher education funding faces stiff competition in state budgets, as health care, prisons, and public school systems take an increasing share of the pie.

Tim Mazzoni (1985), in an analysis of K–12 education policy, indicates that bureaucrats such as those in education agencies may find their attempts to affect policy challenged by the vagaries of state politics. These circumstances may vary from state to state; Marshall, Mitchell, and Wirt point out that "each state has its own texture. History, current crises, recent power shifts and pervasive informal rules for action maintain policy group power in each state" (1985, 89).

Furthermore, while popular pressure for low tuition makes it uncomfortable for state governments to raise tuition (Marshall, Mitchell, and Wirt 1985, 4–5), the taxpayer revolt of the last few decades also makes it difficult to increase appropriations supported through state taxes. Thus, states are forced to turn to tuition increases, however unpopular. As Mary McKeown indicates, most tuition increases are in fact "backed into" as a way to meet discrepancies between appropriations and costs, rather than as a purposeful, rational policy (1982, 2). Arthur Hauptman (1990) agrees, pointing out that prices for higher education are set primarily in response to state funding, which responds to the economic status of the state. When improving economies ease the budget strain for the state, political pressures tend to keep the cap on tuition levels (100). In bad economic times, "a basic problem is that states must balance their budgets and often make sudden policy changes" (Orfield 1992, 356). Lenth confirms that "there is often slippage of the relationship" between appropriations and tuition; "this linkage, in short, is difficult to maintain when the underlying financial conditions are not stable" (1993, 13).

Thus problems of lack of coherency in policymaking may be exacerbated further when tuition levels are already rising to meet fiscal needs (Carnegie 1975, 5). Such pressures have been seen in the economically depressed years of the late 1980s, when tuition (as a percentage of educational costs) increased sharply (Lenth 1993, 31), and aid, while increasing, lagged behind. Such increases have led observers like Lenth to suggest that advocates of both low-tuition and high-tuition/high-aid policies may be doomed to failure, "undercut by continued increases in tuition rates and overwhelmed by increases in the total costs of supporting higher education" (33).

One way in which states have sought to divorce tuition levels from the vagaries of the political process is to index tuition to some outside measure. In 1980, Dennis Viehland, Norman Kaufman, and Barbara Krauth reported that seventeen states indexed tuition against such measures as costs at peer institutions or cost of instruction. They reported that many legislators prefer indexing plans, since they allow predictable, planned increases that do not have to be debated. Van Alstyne points out that in nonindexed plans, tuition increases often are used not only to respond to inflationary increases in costs, but also to cover a greater proportion of costs; indexing provides a "ceiling on the share that students and their families are expected to bear" (1974, 76). Indexing continues to be employed: in a 1993 SHEEO report, Lenth found that various states index tuition to the Consumer Price Index, Higher Education Price Index, state personal disposable income, costs of education or instructional costs, peer-group comparisons, or state general fund appropriations for higher education (12). High-tuition/high-aid advocates generally propose that tuition be indexed to costs and aid be indexed to tuition (Hauptman 1993). This strategy is complicated, however, by inconsistencies and disagreements about what constitutes educational costs and how they are to be measured (Lenth 1993, 14–15).

If middle-class voters tend to expect low tuition and if unpopular increases are already occurring to meet institutional fiscal needs, there is also some question about where the money for the increased aid is to come from. High-tuition/high-aid advocates usually suggest that funds should come from tuition increases (Gladieux 1992–93; Hansen and Weisbrod 1969b; Hartman 1972; Herzlinger and Jones 1981). On the other hand, observers such as Gladieux (1992–93) question whether states will really offset tuition increases with aid, particularly if such a move will require further increasing the tuition levels that are already rising to meet fiscal needs of the institutions. Stampen doubts whether state governments would pass offsetting aid legislation and maintains, moreover, that appropriations would also decrease, even though they are necessary for long-term program and infrastructure planning (1980, 77–88).

Such concerns are echoed by the 1993 report of the National Commission on Responsibilities for Financing Postsecondary Education which concedes that state appropriations for higher education may be justified on a number of grounds, including "quality, state economic development, public service, and access" (57). Aid programs appeal only to the access argument. The commission suggests that legislatures are less likely to continue support to aid programs as they are to fund direct appropriations. Thus, while the commission suggests that states might investigate this option, they express grave concerns that such a policy would lead eventually to high-tuition/low-aid (57).

James Hearn and David Longanecker (1985), while maintaining that high-tuition/high-aid policies appear to offer significant prospects for increasing equity and efficiency in higher education, also point out that "if the approach fails, . . . the costs to individuals and society will be great" (261). They suggest that the rationalist assumptions of such policies may be upset by the effects of lack of information and of unpredictable human behavior on educational decision making (262–24). The authors also warn of "wild cards" (267) that could alter the effects of the policy, including the interaction of state and federal policy, changes in the private return on attendance, contraction in state systems, and the lack of information about what families know and how information affects decision making (267). They urge close observation during the process of making policy changes to ensure that the policy has no detrimental effects on the equity or efficiency of the system.

Thus, special attention should be paid to the political processes through which such policies must pass. As Lenth points out, "The context within which tuition decisions are made also has become much more financially and politically complex" (1993, 1) as tuition policy is affected by debates about other policy issues. For instance, it is likely that if efficiency and equity are to be improved, educational costs, tuition levels, and aid must be explicitly linked; and, as Lenth insists, "This strategy presumes that this close linkage can be maintained over time" (23). If appropriations do not continue to adequately supplement tuition, if tuition levels do not rise sufficiently to fund aid programs and supplement appropriations, and if tuition increases are not truly offset by aid increases, institutions and/or families may face severe difficulties.

Research on this issue has focused on theories and opinions about how high-tuition/high-aid policy might work. More needs to be done to examine these issues at the state level, investigating how political and social pressures affect attempts to change tuition and aid policies. The study that follows examines "real world" state-level experiences and their relevance to this policy debate.

Description of the Study

We examined changes in tuition and aid policies during the 1980s and early 1990s in two states with explicitly linked policies (Minnesota and Washington) and three states with unlinked tuition and aid policies (New York, Massachusetts, and California). We chose these states because they represent a variety of policy contexts and histories and because they had instituted or attempted changes in their tuition and aid policies during this period.

The study is based on an examination of policy proposals, relevant research publications, and articles from state and national newspapers, followed by interviews with state policy experts. The history of tuition and aid policy provided a context in which to understand developments during the study period. We examined the states' proposals to see if they included explicit links between costs, tuition, and aid policies. We scrutinized the debate on the proposals to see how they fared in the political process and interviewed policy analysts of statewide higher education systems about the status of current aid and tuition policy

Several limitations in interpreting these cases in the context of the high-tuition/high-aid policy model should be noted. First, although some public systems charge more than others, public tuition levels are still set quite a bit below the actual cost of instruction and there is no widely accepted definition of what constitutes high and low tuition and aid (Lenth 1993, 8). For states that historically have had policies of very low tuition, new higher tuition levels may still be relatively low when compared to private institutions, to other states, or to the national average. As noted earlier, most discussions of high-tuition/high-aid policy now concentrate on increasing tuition to a greater percentage of costs, rather than to full-cost pricing. We do not attempt in this study to distinguish between high and low levels of aid and tuition, but rather to examine attempts to increase tuition and aid. Some of these proposals do not consist of extraordinarily high increases, and it is likely that these cases underestimate, rather than overestimate, the problems likely to be faced in adopting true high-tuition/ high-aid policy.

Second, although the efficiency and equity effects of these policies are interesting, such an examination remained outside the scope of this study. Many of these proposals are quite recent; others were not adopted at all. Whatever the benefits that may accompany such policies, they must first be adopted and maintained, and it is this process that this study examines.

Third, it is very important to note that the political process tends to be extremely complicated. We concentrated in this study on the relationship of the political process and results—that is, the extent to which tuition and aid policies were jointly increased, and the extent to which their levels remained linked. However, any policy-adoption process involves aspects that are not visible to outsiders. We attempted to mitigate this problem by gathering enrichment material from public documents and interviewing members of state higher education agencies. These interviews offered insights into historical expectations and political alliances that may not be readily apparent yet that are important.

Case Studies

States Without Expressly Linked Tuition and Aid Policies

Three of the states in the study have not developed policies expressly linking tuition and aid for students in postsecondary institutions. In California, New York, and Massachusetts, any relationship between the policies is informal; levels of tuition and aid are each set independently. Although policymakers controlling each policy may take levels set by the other policy into considerations, the pressures to do so are political and ideological, not legal.

However, the histories of these policies in the three states vary. In New York and California, tuition in the decades before the 1980s was either free or very low; during the 1980s and early 1990s, these policies were impacted by increasingly weak economics and intersystem battles. In California, policy was further affected by initiative politics, while in New York, strong support for private institutions has complicated both tuition and aid policies. Public outcry against tuition increases in both states may best be understood in the context of the accompanying uncertain and lagging aid increases and the states' long histories of no or low tuition. In Massachusetts, implementing policies that have increased tuition and aid has often been influenced by external pressures, persons, and history, rather than by rational planning. Tuition and aid policies became embroiled in bitter political battles and shifting power structures in the public higher education system. These histories provide a context for changes in the 1980s and early 1990s supporting the view that many states appear to increase tuition in reaction to situational factors, rather than developing a rational policy or even a planned response to perceived needs; these changes may bring unintended consequences.

New York. New York has had a long history of state-sponsored financial aid for both public and private institutions through total tuition support and aid programs. While initially a political strategy to get state aid for what would become CUNY from the Regents' Literature Fund (Glazer 1984, 161), the policy of free tuition had developed an almost sacrosanct aura. Numerous assaults were made on the policy, however. From 1849 to 1946 a series of unsuccessful attempts were made to establish tuition, but protests by political leaders and alumni persuaded the trustees to continue free tuition (162). Financial exigency led to the initiation of tuition charges at SUNY in 1963, and CUNY's policy of free tuition ended during the fiscal crisis of 1975–76 when trustees found it impossible to absorb a $32 million cut in state appropriations (165–66).

The political process of changing tuition policy at CUNY was indicative of the intricate political influences on these policies. Judith Glazer reports that "negotiators miscalculated the persistence of free tuition dogma, the length of time needed to formulate each proposal, and the complexity of gaining legislative action" (1984, 165). Coalitions were built and disintegrated; during the evaluation of this policy change, "free tuition and open admissions were blurred in the minds of minority group leaders" (165). When it became apparent that the continuing free tuition would force institutions to end open admissions to reduce costs, minority support for free tuition evaporated.

From the beginning, policymakers suggested that aid programs would ameliorate the effects of the imposition of tuition on low-income students. In New York, financial aid is viewed as "a need-based entitlement, which, at least in theory, assures that state appropriations are adequate to meet the calculated need, including tuition increases" (Lenth 1993, 24). However, problems with the system have made the state's aid programs only partially successful. Two aid programs existed prior to the establishment of tuition. In 1961, the state established the need-based Scholars Incentive program. By 1966, students attending public and private institutions were eligible for aid equal to the total residential cost of a typical independent college in New York. David Breneman and Chester Finn (1978, cited in Glazer 1984, 164) indicate that the intent of the program was to increase choice for students and reduce the tuition gap. In 1973–74, this program was replaced by the need-based Tuition Assistance Program (TAP). New York's large program now amounted to 26 percent of the need-based aid provided by all states combined (Treadwell 1988, 22).

The results of the imposition of tuition and changes in aid policy were both expected and unexpected. First, 1976–77 enrollments dropped by 70,000 students (Goodstein 1991). In addition, while the TAP program supplied money for the poorest students, it required that recipients be full-time; thus, students who needed to work full time also had to take full class loads. Needy students were often the least likely to be able to handle this double load. In addition, since TAP was limited to eight semesters, students who had to repeat courses or take preparatory courses often stopped being eligible before completing their degrees (Lavin 1983, 5). It also appears that many white students reacted to the imposition of tuition by attending other institutions (7).

Against this backdrop, the recession of the 1980s hit New York and its support for higher education particularly hard, leading to repeated efforts to cut costs sharply and increase tuition at public institutions. This trend continued in the late 1980s and early 1990s. In 1989, the legislature enacted a proposal from Governor Mario Cuomo to increase tuition by $200—to $1,450 at CUNY and $1,545 at SUNY (Yen 1989). Student protests resulted in Cuomo's veto of the increase, which had been earmarked for building repair and for the expansion of evening and weekend classes. The state legislature eventually agreed to replace the $46 million lost when the tuition hike was rejected (Verhovek 1989).

The state economic crisis did not end, and in 1991 Cuomo proposed a $500 increase in tuition. The legislature, sensitive to the protests of students, amended the proposal to allow a three-year phase-in period for CUNY tuition. This increase was tied, however, to a decrease in aid, rather than an increase (Kolbert 1991). In addition, CUNY was expected to absorb a $92 million budget cut. Those debating the issue voiced concerns about the quality of the students being served by the institution, some suggesting that, in the context of a 50 percent dropout rate, the state could not afford to pay for excellent faculty, labs, and libraries (Lyall 1991).

Aid programs have also been affected by the state's fiscal problems. In 1992–93, average state tuition increased by 24 percent (Zumeta and Looney 1993; 20) and in 1993 Cuomo proposed a $30 million decrease in TAP funds, even though the program had a deficit for the first year, while reducing the amount of the maximum grant and tightening eligibility requirements (College Aid 1993, B7). Reductions in the maximum grant primarily affect students attending more expensive private institutions; in 1993, tuition at state institutions was about $1,000 lower than the maximum TAP grant.

In addition to changes in eligibility, the four-year limitation for TAP assistance has caused problems for students at financially strapped public colleges. Even though tuition levels have been increasing, these revenues have not been sufficient to offset budget constraints caused by the state's fiscal problems. In the face of political and public pressures to avoid increasing tuition even further, the colleges have turned to such measures as decreasing the number of class sections; one consequence has been to delay the graduation of some students past the four-year limit for TAP funding (Barbara Flynn, telephone interview, August 1993).

California. Like CUNY in New York, California was long associated with the concept of free postsecondary education. From their inception, the California State and community college systems adhered to a policy of free tuition; and soon after its beginning, the University of California system also adopted the same policy The marked expansion of the systems since the late 1960s and the resultant strain on the institutions saw the introduction of low fees at four-year institutions in 1970. A portion was earmarked for student aid. However, coordination of aid and tuition policies has never been legislatively mandated in California.

In the early 1980s, the legislature began to count on fees to help support the institutions and take some of the pressure off the state budget. Community colleges also began charging tuition (Christopher Carter, telephone interview, August 1993). Legislators expected that poorer students would be able to get additional state grant money to help counter the effect of the fees (Eureka Project 1987, 36). The Cal Grant A and B programs have historically covered tuition and fees for a proportion of eligible needy students, although only about 20 percent of eligible students receive them. Both background factors and academic merit are used to distinguish among those qualifying on the basis of need (Carter interview, 1993).

Although the history of tuition and aid in California is somewhat similar to New York's, it differs from New York's in several significant ways. First, private institutions have not held the same historically important place in California as in New York (Graham 1989, 102). Second, California has sought to disperse community colleges and baccalaureate institutions widely so that every student is within commuting distance of a state-sponsored institution. This pattern has important ramifications not only for access, but also for minimizing the additional out-of-pocket expenses required for students who must live away from home (Eureka Project 1987, 18). It also complicates tuition policy-setting, because support for different sectors is based on different sources, and tuition levels are set by different bodies. The governing board sets fee levels for the University of California System within boundaries created by the level of allocations from the legislature. The legislature sets fee levels for the California State System, although authority has been delegated to trustees to raise tuition up to 10 percent a year. The legislature sets tuition for community colleges (Carter interview, 1993). Community colleges can count on constitutionally required support but often find themselves in what the chancellor of the community college system has called a "cannibalistic" battle with public schools for funding (Lively 1994b).

Recent policy shifts in California led to what were perceived to be dramatic increases in tuition. Tuition has become an increasing source of revenue and support for the systems in California, and budgetary constraints have been the impetus for recent changes. In 1992, the legislature slashed the state aid program and raised tuition 20 percent for the University system and 40 percent for the California State system (Freedberg 1992). Calling it a "caste system," the *Los Angeles Times* decried the increases, while noting that a third of the increase was scheduled to be diverted to financial aid, replacing in part funds that had been cut in the previous year ("Fee Shock" 1993).

Debate continues about the effects of tuition increases. Tuition was increased by 35 percent in 1992–93, compared to a national average of 10 percent (Zumeta and Looney 1993, 20). Some have pointed to significant enrollment decreases (7–8 percent) starting in 1992 as evidence of students being driven from the public postsecondary system. Community college leaders, in particular, have expressed fear that tuition hikes have changed the makeup of their student body, driving out less affluent students and many of those seeking job training (Lively 1994b).

System officials respond that at least some of the decrease in enrollment may be explained by a larger than normal group of graduates and point to increased numbers of applicants for the 1994–95 school year (Galligani 1994). The problems are not likely to go away, however, in the context of California's continuing economic problems. For the 1994–95 fiscal year, Cal State system officials are pushing for a tuition increase to one-third of educational costs ("Outlook" 1994).

Attempts to "rationalize" and link policies also continue. In 1993, the Postsecondary Education Commission issued a set of recommendations for tuition setting in state institutions. The commission called for caps of 30 percent on increases in the state college system and 40 percent in the university system; aid levels should increase to offset tuition increases for low-income students. Future increases should be indexed to income, to increases in instructional cost, or to the Higher Education Price Index (Lenth 1993, 34).

Massachusetts. Of these three states, Massachusetts best illustrates the importance of history, personality, and state politics on policymaking. Like New York, the state has many strong private institutions; public institutions have been seen as being consigned to subordinate status (Graham 1989). Like most states, tuition levels have historically been moderate. Like New York and California, Massachusetts has no link between tuition and aid policy, although the board does encourage college presidents to commit to raising aid when tuition goes up. Tuition levels are set by the Higher Education Coordinating Commission for four-year and community colleges. The commission approves tuition levels set by the university. Fees, on the other hand, are set by local boards, and average fees are nearly as high as average tuition. Colleges have been able to keep all or part of tuition revenues in the past; as of 1993–1994, only the University of Massachusetts continues to do so (Lou Dars, telephone interview, August 1993; Lenth 1993).

However, educational policymaking in Massachusetts has long been embroiled in politics and vitriolic personality clashes. For example, Graham (1989) describes a battle between the governor and state board over a presidential appointment that resulted in a circus-like atmosphere, with acrimonious political in-fighting. Political influences have also been felt through changes in the governance structure of higher education in the state, weakening and shifting the voice of higher education in policy debates.

During the late 1980s and into the 1990s, the state was hit repeatedly by financial setbacks. During this period, as tuition levels increased, policymakers struggled to find ways to ameliorate the effects on needy students. One set of proposals centered on linking tuition and aid policies. In 1988, the Board of Regents proposed linked aid/tuition policies (Massachusetts 1988a, 1988b). Noting their obligation "to develop a rational and equitable tuition plan" (1), the board called for increases in tuition at four-year institutions to 30 percent of educational costs, at a rate of no more than 9 percent a year. This proposal was linked to a financial aid proposal calling for the provision of aid to meet 100 percent of the need of low-income students (11). The proposal directly addressed the issue of student fees, stating that the policy "takes account of fees as well as tuition" (10). The series of proposals explicitly linked instructional costs, tuition, and student aid.

The argument in the proposal is cast in clearly rational terms, pointing out that the "pattern of 'stop and go' tuition increases" (11) in response to state budget crises did not allow institutions to help families plan to meet college costs. Tuition increases, paid directly to the institutions, would prevent the diversion of funds to other purposes (12).

Since the publication of this policy in 1988, the pattern of tuition proposals and actual increases has not followed the plan outlined in 1988. In the late 1980s Massachusetts began to experience increasing fiscal problems, and tuition policy became an element in attempts to balance the budget. Debate about tuition levels contributed to tensions among legislators, campus officials, and the governor; it also played an integral role in the race for governor. By 1989, in the midst of a severe state budget crisis, fees had increased by 39 percent, "outpacing tuition hikes, inflation, and per-capita income" (Malone 1989, 5). Much of the public discussion concerning tuition increases tended toward exaggeration and rhetoric. In 1990, a "record" 15–33 percent increase was approved by the board, but board officials admitted that the request was essentially a symbolic gesture to indicate the financial stress in the higher education system; officials indicated that there was no chance this level would be approved. The chancellor reportedly was responding in part to fears that if campuses were to get the power to make and retain large tuition revenues, the legislature would make corresponding cuts in appropriations (Flint 1990). The board was described as planning to ask for increased tuition waivers for poor students and a reduction or elimination of increases in fees (Mohl 1990). In the midst of the reaction to the board's proposal, Republican gubernatorial candidate and Boston University president John Silber called for a tripling of tuition levels, causing further outcry (Wilkie 1990, 18).

In 1991, William F. Weld, newly elected governor, proposed increasing tuition to 33 percent of costs and converting grants to loans (State Notes 1991). The increase would have made Massachusetts' institutions among the most expensive in the U.S. (Flint Feb. 1991, 3). Already, tuition had risen 50 percent and fees 100 percent over three years. Under the proposed plan, students would pay 35 percent of the cost of attendance (3). Public outcry prompted Weld to amend his proposal to include a sliding tuition scale based on need (Cohen 1991, 30). After several months of intense debate over the proposed increase, a 6 percent tuition increase was adopted. Within months, however, fees at state institutions were increased by up to 135 percent, "making fees higher than tuition in some cases" (Flint Aug. 1991, 5).

States with Explicitly Linked Aid/Tuition Policies

As with the other states in this study, both Washington and Minnesota have histories of modest tuition. As elsewhere, the states' fiscal problems clearly contributed to tuition increases. However, Washington and Minnesota have accompanied tuition increases with attempts to formally coordinate tuition and aid policies. These efforts provide opportunities to examine how such policies may work in the "real world" of political policymaking, and in neither state have tuition and aid policies been immune to political and economic influences. Problems emerged in part because of the location of control over the policies and ways in which the policies are linked. The two cases suggest the importance both of careful administration and of careful policy formulation; flexible, continued vigilance is necessary to ensure both equity and efficiency.

Washington. In Washington, as in other states, tuition increases have not always been linked to aid increases. In 1977, because of budget problems, and to some extent, because of a belief that students should pay their fair share of educational costs, tuition was raised to about 21 percent of appropriations plus tuition (Brunner and Gladieux 1979, 1). Student aid was also raised, but Seth Brunner and Lawrence Gladieux argue that the relationship between the two policies was weak. Increased aid met only part of the need created by the tuition policy. Such delays between tuition increases and matching increases in aid are typical of unlinked policies. Over the next decade, however, it became accepted in Washington that 24 percent of tuition revenues would be earmarked for financial aid (MacDonald 1991).

By 1991, the two policies were linked by law in Washington (Wickline 1991). Unlike tuition/aid proposals in other states, aid is linked to tuition revenues, rather than the tuition levels faced by the students. Tuition waivers reduce tuition revenues and thus reduce aid; such waivers are most frequently awarded to graduate students (Mendel 1992). Tuition and fees are based on educational cost, which is set by the legislature, as is the total amount available for student aid. In 1993–94, tuition was set at about 41 percent of costs; the exact percentage varies by institutional type. Funds generated by tuition revenues have not been sufficient to meet the need of Washington's students, and state support of the financial aid programs has outstripped the level set by the law. The Higher Education Board sets the actual level of state grants; 1993 grants were 15 percent of the cost of attendance, less family contribution (Linda Lamar, telephone interview, August 1903).

Policy in Washington has not escaped the influence of politics. In 1992, an explicit high-tuition/high-aid policy was proposed, but supporters "found that they could not sell it to enough legislators, students, or university officials" ("States Wrestle" 1992, A28). Washington State Representative Ken Jacobsen pointed out that "it wasn't philosophy but the state's budget problems that had allowed his bill to progress as far as it did" (A29). When budget problems eased, support for the policy disappeared. Jacobsen warned that increases are "inevitable" (A29), whether or not they are accompanied by aid.

Minnesota. In the early 1980s Minnesota experienced the same downturn in finances that most other states endured. Like other states, it responded by cutting funding for higher education institutions, increasing tuition, and cutting financial aid. The state then decided to rethink how higher education should be financed (Hearn and Anderson 1989, 59). In 1983, a policy linking increased tuition with aid required students to contribute 33 percent of the instructional costs, whether they rise or fall. All students are responsible for at least 50 percent of this amount; state aid meets the remaining need of eligible students after family and federal contributions.

Unlike plans in New York and Massachusetts, Minnesota's plan does not seek to protect private institutions' viability at taxpayers' expense. Rather, the awards to students at private institutions are limited to a portion that equals the tuition and fees of a comparable liberal arts education at the University of Minnesota. Historically, it therefore has represented a smaller percentage of tax revenues than other states, accounting for only $2.4 million in 1982 (UPI 1982).

Problems have occurred when policymakers have proposed adjustments to tuition and aid policy. In 1993, when Governor Arne Carlson proposed a significant increase of 22 percent in tuition over two years, with revenue going toward additional financial aid, students banded together to protest the increase. The governor's recommendation was later amended to a 2 percent increase ("1,000 Students" 1993).

Hearn and Anderson (1989) note several situations peculiar but not limited to Minnesota. First, there was a great deal more consensus in devising a policy than the piecemeal approach found in the other states in this study. Next, there has been an effort to evaluate the policy (Hearn, Sano, and Urahn, 1985, 99), although the impetus for early evaluation did not come from the legislature or state board but rather from educational researchers (Hearn, personal communication, March 1994). Minnesota is also a somewhat atypical state in many ways, especially in its demographics and its social emphasis on education.

Although some state policymakers maintain that the link between aid and tuition has remained stable and that support for aid funding remains strong (Jack Rayburn, telephone interview, August 1993), some problems have developed since this policy was initiated. A budget crisis in 1991 led to a redefinition of how institutional costs are determined; and in recent years, tuition has risen to as much as 40 percent of costs at some levels, reflecting institutions' budget shortfalls (Rayburn interview, 1993). Concerns have been raised about the impact of the policy on low-income families. Recent studies suggest that the Minnesota Plan requires greater financial commitment from low-income families (in terms of proportion of resources) and that independent students are especially hard-hit by the plan's provisions. The applications for financial aid from low-income families have decreased; and while participation rates for low-income students have increased, the percentages remain disproportionately low (Minnesota Private College 1992; Minnesota Task Force 1994).

Analysis and Implications

Lessons from States Without Tuition/Aid Linked Policies

New York, California, and Massachusetts differ in their historical policies, the extent to which aid and tuition policies are linked, the outcomes of and reaction to the proposals, and the political circumstances in the states at the time of the proposal. New York exemplifies the difficulties in describing power relationships precisely in setting tuition levels. As Lenth points out, "The degree of autonomous tuition-setting is often limited by the indirect influence of other actors" (1993, 11). He indicated that in New York, "tuition rates are proposed as part of the governor's executive budget, and then must be approved through the legislative appropriations process as well as adopted by the governing boards" (11). Barbara Flynn, Assistant Commissioner for Policy at the Board of Regents, indicates that decisions about tuition policy are made by the boards of each system but that such decision making is greatly influenced by the legislature; appropriations are based on expected tuition levels, and the legislature is often seen as "setting" tuition levels in reality if not in fact (telephone interview, August 1993).

There have been calls for coordinating the policies. The board has advocated developing a tuition policy that can be used for planning purposes, rather than the current policy of reacting to appropriation levels. Financial aid policy is set by the legislature with no explicit reference to tuition levels (Flynn interview, 1993).

Tuition increases at New York institutions have caused much public outcry aimed at both the institutions and the legislature. Legislators have tended to react to budget crises and public opinion with cuts to aid programs to avoid even greater tuition increases. The case also illustrates that policymakers may make repeated attempts to pass increases, and that protest is more likely to take place, and be effective, in response to tuition increases rather than to aid cuts.

While some efficiency and equity concerns have been voiced in the debate about tuition and aid in New York, the changes in policy seem to have been driven by fiscal demands, supporting those critics of high-tuition/high-aid policies who suggest that tuition and aid policy will tend to respond to fiscal emergency, to the detriment of equity and access.

In California, as in New York, aid and tuition policies are not linked, although on occasion some portion of revenues from tuition increases has been reserved for aid. On the other hand, aid programs do not reach a very high proportion of needy students. California is an example of how a very low tuition state has moved into the mid-range fairly rapidly. The state has a history of meeting tuition increases with aid, at least in part, but such increases are not automatic, and recent developments cast doubt on the future of this practice. That state may increasingly depend on tuition revenue to replace reduced appropriations, while aid programs suffer in budget battles. All these changes, once again, seem to come from fiscal exigency, rather than theory or well-planned policy.

The changes in California are very recent. With strong higher education leadership, the problems experienced by New York might be avoided. Yet needed leadership may be lacking, a severe problem in a state where, as Marshall, Mitchell, and Wirt point out, individual personalities and key policy groups are particularly important in the policymaking process (1985, 76–78). A recent report by the California Higher Education Policy Center described the system as paralyzed by a "lack of leadership," and "annual fee hikes [are] synonymous with state higher education policy" (Schmidt 1993). In addition, "the California system of higher education is being redesigned almost casually without concern for public policy goals" (A3).

Of these three cases, Massachusetts may provide the clearest example of how political considerations affect education policymaking, although it is important to be careful in making assumptions about cause and effect relationships. Some general patterns are suggested. First, while the original state policy called for a gradual introduction of tuition increases with an eventual cap, state financial exigency led to a drop in appropriations that spurred continuing attempts at sharp increases. Moreover, when appropriations and tuition charges fell short of institutional needs, institutions turned to other student charges to make up the difference. Thus students ended up paying more anyway, despite (or perhaps because of) the outcome of the public debate. Hard-pressed institutions also found it difficult to voluntarily raise aid. This fact supports the contention of many analysts that tuition policy is more often set by reference to appropriation shortfall than by reference to rational cost/benefit analysis.

Second, tuition increases were explicitly entwined with the political scene in the state; in fact, one issue in the gubernatorial race concerned tuition hikes. Although this issue cannot be credited with determining the outcome, it should be noted that the losing candidate advocated stiff increases. This correlation supports the view of state higher education price setting as a primarily political process, open to influence by power groups (Gilmour and Suttle 1984, 48–49).

Massachusetts is another case in which tuition increases are seen as a remedy for state financial woes. There does not appear to be an underlying coherent plan for the tuition increases, no coupling with increased aid, and no consensus for the plan. Actors seem to change their recommendations frequently, depending on the pressure brought to bear on them.

One important source of pressure is the important private institutions; in 1994, these colleges were pushing for greater student aid funding ("Outlook" 1994).

In the face of such pressures, higher education policymakers in Massachusetts have continued to respond with proposals for coherent planning, especially of tuition policy. An effort was made in 1993 to establish a more predictable tuition policy, based on a 2 to 4 percent increase per year. In 1995, a bill has been proposed to cap tuition and fees at a percentage of cost (Outlook 1995, A29). However, such proposals have regularly failed; there are still no governmentally mandated ties between costs, tuition, and aid. The chances for such policies seem slight, especially in the context of the state's lingering economic crisis.

Lessons from States with Aid/Tuition Linked Policies

Washington and Minnesota, by linking aid and tuition policies, have attempted to avoid the problems just described. The two states have coordinated the policies in somewhat different ways with differing results and problems. In Washington, because aid is tied to revenues and appropriations, rather than tuition levels, the policies are rather different from those proposed by most high-tuition/high-aid advocates. Since the portion of tuition revenues set aside for aid has not been adequate, Washington's aid policy depends on strong support in the legislature to ensure that aid funds are sufficient to meet the needs of students. Unlike New York, California, and Massachusetts, however, Washington has coordinated policies that tie several facets of higher education finance together.

However, Washington's policies are not immune to economic and political influences. Washington has experienced changes in tuition and aid policy due to financial conditions in the state. A move toward explicitly linked, high-tuition/high-aid policies found support only in the presence of financial worries. As in other states, when such pressures eased, so did interest in increasing tuition. Linking tuition and aid policies may be even more difficult if proposals by four-year institutions to control their own tuition levels, defeated during 1994, are successful during the 1995 legislative session ("Outlook" 1994; "Outlook" 1995, A33).

Minnesota provides the clearest case of a cogent, coherent plan tying increased tuition to increased aid (Hearn, Sano, and Urahn 1985, 1). It is here that we have an opportunity to evaluate the successful adoption of this policy, one brought about by fiscal pressure but with more consensus, planning, and policy analysis than the other four. Yet concerns have been voiced about the Minnesota Plan as well.

One set of concerns voiced by researchers and policymakers about the Minnesota policy center on changing college demographics, the need to provide early information for students who may attend college, and the perceived need for more flexibility in the 33 percent expectation of students. In addition, the realities of tuition setting have affected the actual level at which tuition has been set. Tuition levels are set by each of the four governing boards, based on target levels determined by the legislature, which calculates educational costs and indicates the proportion that should be covered by tuition (Lenth 1993). Minnesota state systems have used tuition increases to supplement appropriations beyond the expectations of the legislature, and tuition now constitutes as much as 40 percent of costs.

Support for aid programs remains strong, but students are expected to pay half of tuition costs with no governmental assistance; increased tuition levels thus increases the amount for which they are held responsible. Also, there is concern about the direction of this trend in future state funding, and some question about whether the state is moving in the direction of full-cost pricing and portable aid (Rayburn interview, 1993), with its attendant problems for planning, especially in institutions without large endowments.

In a forthcoming study based on interviews with higher education authorities in the state, Hearn and Anderson point to "a set of policy lessons gleaned from the Minnesota experiment" (1995, 16). Finding that the plan has "lowered total costs and served the cause of access without diminution in educational quality" (18), the study emphasizes the need to create a base of support for the policy, the importance of educating the public, and the likelihood of policy shifts and variation. As with the other states reviewed in our study, these authors found that economics and politics influenced the development, implementation, and evaluation of tuition and aid policies. Indeed, some respondents expressed concerns whether such influences will endanger the consensus needed for the policy to continue. The authors find a positive message in the difficulties that Minnesota has faced, however, pointing out that Minnesota, although faced with the same "real-world" problems encountered by other states, continues to work to improve this initiative.

In Minnesota and Washington, efforts by policymakers to bring about greater efficiency and equity by coordinating tuition and aid policies make it clear that such policies continue to be open to political and economic influences. Concerns about the effects of the policies on low-income students indicate that, as in states without linked policies, the equity side of the formula may be vulnerable as economic stresses increase. Evaluation and modification of the policies by researchers and policymakers continue, however, offering opportunities to address these problems.

Conclusion

Each of the states considered here has attempted to provide for the education of its citizens in ways that encourage equity and access while carefully using state resources. Recognizing the importance of an educated populace, these states have built policies based on different histories, with different constituencies and leadership. Each state has recently attempted, with varying degrees of success, to implement significant tuition increases; and the increases at some point have been related to aid policy, although usually not in any formal, mandated way. New York and California have long held reputations for very low tuition, with long-established aid programs. Massachusetts and New York also have histories of significant levels of support for private institutions. Washington's and Minnesota's tuition changes have been explicitly tied to changes in financial aid, although Washington's policy does not directly address costs to students.

These cases suggest several implications for policymakers. It seems clear from these cases that unless aid and tuition levels are explicitly linked, the power of aid programs to increase equity will be diminished. It also seems clear that unless tuition and costs are explicitly linked, efforts to ensure efficiency will face difficulties. When each policy must pass through the political process separately, the relative power of different constituencies may be felt. Thus, as it is probably politically more difficult to raise tuition than to cut aid, tuition increases are typically capped at the minimum needed to meet the budget crisis, while aid levels suffer. This problem may be aggravated further when tuition and aid levels are set by different agencies. When aid funding depends on state appropriations, it seems unavoidable that it will be cut during fiscal stress. Similarly, when tuition increases depend on the will of elected officials, such increases will be driven by fiscal considerations.

One common thread in all five cases is the role of financial distress in prompting change in higher education financing. Each state has reacted to economic problems by raising tuition levels. Minnesota and Washington have formulated coordinated policies and attempted to lessen the impact of economics and politics on tuition and aid. The other states were heavily buffeted by fiscal crises on one hand and political pressures on the other. More coherent planning of tuition and aid policies is needed. Our study supports Lenth's assertion that "a high-tuition/high-aid strategy (or any other tuition strategy that attempts to maintain access through need-based financial aid) requires extensive policy planning and financial coordination between tuition setting, on the one hand, and financial-aid planning on the other" (1993, 23).

In our study, however, most states have floundered from year to year, leaving institutions scrambling to meet their financial needs and students wondering if they will be able to afford college attendance. Students and families express anger at increases, even when the resulting tuition level is not extraordinarily high and even when increases are linked to increased aid, as in Minnesota.

This study also suggests that the implementation, as well as the adoption, of a higher-tuition/higher-aid financing policy may be difficult. To establish policies that work, policymakers must understand the means as well as the ends in any theory in which historical values are being called into question, explain policies repeatedly to each new group of consumers, support evaluations, and address flaws in the policy after adequate evaluation. They must have a coherent view of the reason behind policy changes, so that they can articulate them to those affected by the changes. One of the challenges facing supporters of such programs is garnering support for a program which seems to aid groups with less political clout at the expense of those with more power and who are more likely to vote. Apparently, battles for such policies can never be over; support must be continually marshalled to ensure that policies remain both efficient and equitable.

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The Role of States and Accreditors in Shaping Assessment Practice

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For better or worse, assessment over the past decade at most of the nation's colleges and universities has been decisively shaped by external forces. State government, of course, has been the most visible and direct of these: currently, all but nine states have in place a policy on assessment of some kind, affecting all but a handful of public campuses (Ewell, Finney, and Lenth, 1990). More recently, both public and private institutions have been affected by similar decisions to require assessment on the part of all six regional accrediting bodies. The most recent *Campus Trends Survey* reports the astonishing fact that 92 percent of the nation's colleges and universities now engage in assessment, and strongly supports the conclusion that their decision to begin was made in response to one or more of these requirements (El-Khawas, 1992). It also suggests, however, that many campus leaders remain unconvinced about the real benefits of externally mandated assessment and fear misuse of its results.

What, in fact, has been the impact of these policies? The answer seems simple. There is clearly more activity called assessment at more institutions than there would have been had states and accreditors remained silent. But answering the deeper question of impact is more complicated. By requiring assessment in the first place, by providing (or constraining) the resources needed for its development, and by shaping the public rhetoric surrounding accountability, external actors have decisively influenced local assessment technologies and organizational structures. Yet establishing clear causal connections is difficult for at least three reasons.

One problem is time. Though the first state assessment programs were established by 1982, the vast majority of state mandates and accreditation requirements have been in place less than four years. In an enterprise as slow moving as the academy, expecting the state initiatives to show a real impact in this short period is hoping for a great deal indeed. To date, therefore, most real campus effects of external requirements have been in the area of planning for assessment—in particular in developing the requisite policies and organizational structures to make it happen and in choosing initial instruments and approaches.

A second problem is sheer variety. Though they share many features, no two state mandates are alike. Some were established directly by statute, the majority by the action of a statewide governing or coordinating board, and a few by executive order (Paulson, 1990). Only a few specify common measures. Although most allow substantial campus discretion, they differ considerably in what must be reported, how frequently, and with what consequences. Equally important variations among states in governance, fiscal condition, and political culture will also strongly affect the implementation of assessment as a mandate. The pattern for accreditors is similar (Wolff, 1992). Some focus explicitly on student learning, whereas others incorporate learning outcomes into a more general consideration of institutional effectiveness. Some require reporting of assessment results as a distinct portion of a self-study document; others encourage institutions to report on assessment more pervasively. In short, there is no simple link between what states and accreditors require and what institutions do because the differences in the former are so substantial.

Finally, the impact of any external policy on campus practice is by its very nature indirect. Variations in local leadership, institutional mission and priorities, student clienteles, and faculty cultures and governance arrangements will result in quite different local effects for the same basic requirement—particularly, as has generally been the case in assessment, when the requirement itself encourages local variation. Only very rarely have policies on assessment been blunt instruments. As a result, their impact has more often been manifested in the ways that they have helped or hindered institutional assessment programs themselves to make a difference.

Given these limitations, any attempt to sketch the impact of ten years of assessment policy must be modest. The purposes of this chapter are to provide a brief overview of the evolution of external assessment requirements over the past decade, to present some conclusions about how these policies affected campus action in assessment, to offer some parallel conclusions about how experiences with assessment in turn affected state higher education policy development more generally, and to propose a short set of implications for the future.

Evolution of Assessment Policy

It is easy to forget that external assessment mandates are an extremely recent phenomenon. Approximately a third of the states required that institutions conduct regular program reviews before 1982, but almost none included explicit reporting on outcomes (Barak, 1982). The only external bodies to conduct what we now call assessment were a small number of multicampus public university systems that required common assessment of writing as a condition of graduation (for example, the Georgia and California boards of regents) and a few statewide programs that evaluated entering students' basic skills (for instance, the New Jersey Basic Skills Program). Among regional accrediting bodies, the situation was similar. Some had standards that suggested outcomes (for instance, the criterion of the North Central Association that "the institution is achieving its purposes"), but not one explicitly required institutions to investigate and report on academic achievement (Thrash, 1988).

Early state efforts in the realm of assessment, moreover, varied in both purpose and intent. Those of the two pioneers, Florida and Tennessee, could not have been more different. Arguably, in fact, they were not about assessment at all. Florida established its rising-junior College Level Academic Skills Test (CLAST) in 1982, not as an outcomes assessment but rather as a kind of entrance examination to the upper division. The state policy objective of CLAST was less to evaluate instructional effectiveness than to articulate transfer between two- and four-year institutions in the context of a state system that especially emphasized the role of community colleges as primary providers of lower-division instruction. Scores on CLAST are and always were intended to assist in making decisions about individuals, and it was only in 1988 in a special statewide study that they were for the first time deliberately used in the aggregate to investigate questions of instructional effect (Postsecondary Education Planning Commission, 1988). Because of these unique conditions, the CLAST program remains the only statewide rising-junior examination in the nation.

Tennessee's so-called performance funding program, initiated in 1978 and fully implemented by 1982, remains similarly unique (Banta, 1986). Its origins can be traced to a creative attempt on the part of the Tennessee Higher Education Commission to leverage new money from a reluctant legislature in a period of anticipated enrollment decline (Bogue and Brown, 1982). "Reward for performance" proved a powerful political concept because it was both easy to understand and it clearly signaled quality. Information about performance—embodied in examinations such as the ACT-COMP and a range of major field exams, as well as student satisfaction data and the results of professional program accreditation—was necessary to make the system work but was not in itself the point. Certainly, many campuses in Tennessee (most prominently, the University of Tennessee, Knoxville) did effectively harness this information to make local improvements, and this action was clearly welcomed by state authorities (Banta, 1985, 1988). But the outcome measures themselves and their resulting funding leverage were what state authorities were really interested in.

The main thrust of state-mandated assessment began in 1986–1987, coincident with the appearance of two influential reports: *Transforming the State Role in Improving Undergraduate Education: Time for a Different View* (Education Commission of the States, 1986) and *Time for Results* (National Governors' Association, 1986). Essentially, these reports argued for a more proactive role for state authorities in higher education based on a new conception of public accountability as "return on investment" (Boyer, 1985; Ewell, 1990). Assessment was a key element of this new role, but the reports themselves left its actual structure largely undefined. At that time, many observers expected a parallel evolution to what had occurred earlier in K–12 evaluation—an approach based largely upon large-scale standardized testing. And in many cases, this was what state authorities initially proposed (Boyer, Ewell, Finney, and Mingle, 1987). In South Dakota, for instance, the state Board of Regents mandated end-of-sophomore year testing using the ACT-COMP exam and major-field assessment using nationally normed instruments such as licensure examinations and the GRE in a program based heavily on the model of Northeast Missouri State University (Ewell and Boyer, 1988). In Washington, by contrast, an initial proposal for sophomore testing was turned into a study resolution. After a year of trying out four available standardized general education examinations, it was concluded that not one of these was adequate for informing local improvement (Council of Presidents and State Board for Community College Education, 1989). In the three years that followed, most states came to the same conclusion, though few went to the same trouble to test alternatives. Through a combination of pure political opposition on the part of higher education leaders and sound reasoning about what might really cause campus-level change, most states adopted a different approach.

The elements of this new approach were most clearly exemplified in Virginia, whose assessment program became in many ways a model. In 1986, the State Council on Higher Education in Virginia required all public institutions to prepare a local assessment plan embracing basic skills, general education, major-field outcomes, and alumni follow-up. Subsequent to plan approval, each institution was required to report results of its assessment program on a biennial basis, consistent with the state's higher education budgeting cycle. The Virginia approach allowed each institution a great deal of choice in defining learning goals and in selecting assessment approaches that best fit local missions, curricula, and student clienteles. But while it allowed substantial discretion, it also included a number of positive and negative incentives for compliance. On the positive side, funds were allocated to campuses to support the development of local assessment. On the negative side, institutions that failed to submit an acceptable plan were barred from participating in some lucrative funding enhancement programs—a measure designed particularly to get the attention of the three major research universities in the state.

With a few key exceptions—the complex and controversial College Outcomes Evaluation Program in New Jersey being the most prominent—most states followed the lead of Virginia in developing a decentralized approach to assessment (Boyer, Ewell, Finney, and Mingle, 1987). By 1989, some two-thirds of the states had developed policies roughly along these lines (Ewell, Finney, and Lenth, 1990). Their basic features, though details varied, included the following:

- A requirement that each institution develop an explicit plan for assessment including statements of intended instructional outcomes, proposed methods for gathering evidence, and a proposed organizational structure
- Substantial institutional latitude in developing goal statements and in selecting or designing appropriate methods for gathering evidence
- Mandatory reporting of results to state authorities on a regular schedule, generally coincident with the state's budget cycle

- An expectation that institutions themselves would pay the costs of assessment (Virginia and Washington were prominent exceptions)
- Few real or immediate consequences for institutional compliance or the lack of it (exceptions here were Virginia, as noted, and Colorado, where accountability legislation allowed institutions to be penalized by up to 2 percent of their budgets if they were not in compliance)
- The general expectation that information resulting from local assessment programs would simultaneously induce campus-level change and fulfill growing state-level demands for accountability
- The expectation that results would eventually be helpful in developing state-level academic policies and in determining key areas of need for selective investment

For at least three years in most states, these were the terms under which the majority of public institutions undertook assessment. Meanwhile, though lagging somewhat behind, all six regional accrediting agencies had also developed requirements for assessment (Wolff, 1992). The pioneer here was the Southern Association of Colleges and Schools (SACS), which in 1986 introduced a new institutional effectiveness standard to its procedure for reaffirmation. Unlike most states, SACS did not identify undergraduate student learning as the only domain for reporting assessment results—though it was a clear center of gravity. In essence, however, the requirements that SACS placed upon institutions were the same as those later adopted by other accreditors: develop and articulate clear goals stated in terms of outcomes, select or build appropriate local measures to gather evidence of goal achievement, and provide evidence of the ways that the resulting evidence was used to inform improvement. Though again the details varied (only the Western Association, for instance, followed the lead of SACS in producing a new and separate effectiveness standard), all institutions (both public and private) were thus required by accreditors to engage in some form of assessment by 1990.

Impacts on Institutions

As noted, the indirect nature of external assessment requirements as inducements to institutional action, as well as their sheer variety, automatically limits generalizations about impact. Nevertheless, at least five years of experience suggests a few conclusions—both positive and negative—about what has been accomplished.

On the positive side, clearly the most salient impact of external influences on campus practice has simply been that they provided the motivation to get started. National survey results consistently indicate that steadily increasing proportions of colleges and universities engaged in assessment from 1987 to 1992 and that most of the institutions ascribe their activities to one or more of these influences (El-Khawas, 1988, 1989, 1990, 1991, 1992). Going deeper, the presence of state mandates has helped to sustain an assessment effort once started, provided, of course, that the requirements of the mandate themselves are stable. Institutions in states such as Virginia have now experienced three complete biennial reporting cycles, and institutional and state authorities agree that both the quality and utility of the resulting information have increased markedly (Ewell, 1992; Miller, 1991). A majority of campuses now appear willing to continue assessment locally regardless of what the state requires. Even so, when budgetary downturns occurred in Virginia in 1990, several campuses appeared ready to cut local assessment budgets until explicitly prohibited from doing so by state authorities (Ewell, 1991).

Where the signals coming from the state have been mixed, a year or two of induced response has generally not been sustained. In New Jersey, for example, there is now little local activity at the four-year level despite significant state-level investments in the years 1986 to 1989 (Ewell, 1992). In New York, moreover, an initial state presence quickly became overwhelmed by escalating budget problems, and there appears now to be only scattered commitment among institutions. Overall, the expected mechanism built into state assessment policy does occur: initial, generally reluctant, compliance on the part of public campuses is followed in many cases by the local discovery that the results of assessment are useful and that the process is worth sustaining. But the period of state "pump priming" may be substantial before institutions are ready to see local benefits. *Campus Trends* results again are revealing: though almost all respondents report that their institutions are engaged in the assessment process, more than half also agree that to date "all that assessment has resulted in is additional reporting requirements" (El-Khawas, 1992).

Institutional benefits that can at least partially be ascribed to the action of external forces are therefore primarily those associated with the early stages of implementation. Most prominent among them is goal development. Most state guidelines for assessment have explicitly required institutions to develop and report instructional goals in terms of outcomes as a prerequisite for assessment; in several cases (Colorado and New Jersey, for example), separate reporting about goals actually preceded the reporting of outcomes. All six regional accrediting bodies similarly require the development of explicit instructional goals. The required goal development process has admittedly been perfunctory in many cases, but in many others it has occasioned substantial and productive faculty dialogue (especially at the department level) about curriculum structure and pedagogy that would otherwise not have taken place (Banta and Schneider, 1988).

A few additional explicit instructional effects can also be credited with some confidence to the presence of external requirements—interestingly at either end of the curriculum. Substantially greater numbers of institutions, particularly two-year institutions, now conduct mandatory assessments of basic skills such as reading, writing, and computation at the time students enter and require directed placement into remediation for students found deficient. In Florida, Texas, New Jersey, and Tennessee, these processes are a direct result of state action and have been shown to be effective in later retention and course performance in statewide follow-up studies. In more typical states like Virginia and Washington, the need for institutions to report on local basic skills assessment practices appears to be having similar effects. The frequent inclusion in state mandates of a requirement to assess outcomes in each major field has led directly to a reintroduction of some once-common features of the undergraduate curriculum—senior seminars and disciplinary comprehensive examinations. To some extent, these were curricular mechanisms that many faculty already favored, and the mandate to develop a departmental assessment procedure provided the needed impetus to implement them.

Direct impacts of external requirements on campus assessment practice are more easily documented on the negative side, though this does not mean that they outweigh the positive. First, the very existence of an external requirement—especially if it is imposed by state authorities—makes the job of selling assessment internally more difficult. In fact, in several cases at major research universities, the direct involvement of the state converted lukewarm acceptance of an internal initiative into vocal opposition to any kind of evaluation as a violation of institutional autonomy or academic freedom (Ewell and Boyer, 1988; Zguta, 1989).

More subtly, requirements of this kind first enter the institution through administrative channels and are consequently seen by most academics as an administrative responsibility (Ewell, 1988). This perception is reinforced where assessment activities are specifically funded or are primarily located in an office or center created especially for the purpose. Yet the creation of such an office (regardless of what it does) is perhaps the single most visible action that an institution can take to demonstrate immediately to external authorities that it takes assessment seriously. The result in many cases, however, is for assessment to be divorced from existing school and departmental decision-making channels and for the faculty to see its object solely as one of generating reports for external audiences.

Finally, although the vast majority of external requirements are nonprescriptive with respect to the choice of instruments and methods, there is a strong tendency for institutions to second-guess what will be considered acceptable by external authorities regardless of local appropriateness and need. Activities or methods that are noted in external guidelines as examples of what might be done are thus often adopted with little question by institutions because they are viewed as "safe" alternatives for compliance. Similarly, any institutional report or practice that is favorably cited by states or accreditors is likely to be widely imitated regardless of its local applicability. A powerful unintended consequence of external attempts to be helpful may thus be an incentive for institutions to adopt approaches that are not useful to them.

On balance, it is safe to conclude that external requirements have proven a necessary condition for the majority of institutions to act on assessment in the first place. As a consequence, though their presence may have induced some unproductive local practices, they may also claim a legitimate share of any of the campus-level benefits that assessment can more generally demonstrate.

Impacts on State Policy

When state policies mandating assessment first emerged in large numbers in the late 1980s, they signaled a new role for higher education governing authorities. Before about 1985, consistent with a notion of accountability that emphasized access and efficiency, state authorities were concerned primarily with fiscal and administrative matters. Relevant academic policy issues were limited and typically included areas like admissions policy, student financial assistance, and program duplication. With the evolution of a new accountability for higher education based on statewide return on investment, assessment policies pioneered the notion that state government had a legitimate interest in what was taught and how (Ewell, 1990). In the nineties, state policy actions in the academic arena are becoming more comprehensive, proactive, and frequent; and in many ways, the actions are being shaped by the previous experience with assessment.

As for institutions, the impacts of state-level assessment experience on later state policy development have been both positive and negative. One of the most prominent positive effects has been exposure to academic issues. In implementing assessment policies, state-level academic staff typically became engaged in considerable and unprecedented dialogue about substantive issues of curriculum and pedagogy with institutional academic leadership and with faculty generally. Though the primary object of these conversations was to negotiate compliance, they had the additional effects of better informing state-level authorities about real academic issues and conditions at the institutional level and about the existence of substantial bodies of campus opinion that were sincerely interested in curricular and instructional change. Both areas of new knowledge are now proving important as the states evolve new approaches to academic policy.

Like their campus-level counterparts, state authorities also quickly appreciated the uncanny ability of assessment to provide gateways into wider, often unattended, instructional issues. Texas and Hawaii, for instance, repeated the Florida experience of using evaluation results to help reenergize discussions about statewide articulation and transfer, and to examine more comprehensively lower-division instruction in such areas as writing and mathematics. In other states, including Virginia and New Jersey, discussions that began with assessment also provided a way into far more complex deliberations about the structure and content of institutional general education requirements and campus advising practices. And in Oregon, Washington, and Colorado, attempts to follow occupational-technical program graduates into the workplace through available statewide employment records helped inform larger conversations about work force need and deployment in key areas and about employer satisfaction with graduate skills.

Third, assessment helped state authorities to gain experience about the potential and limitations of some now-common policy levers for inducing local change and about how these might better work in concert (Ewell, 1985). In New Jersey, assessment interacted with the lucrative Governor's Challenge Grant incentive program in several important ways—most prominently in the development of a nationally recognized assessment program at Kean College (Boyer, 1989). At the same time, broad inspection of patterns in institutional assessment results occasionally allowed state authorities to direct additional funds toward identified statewide problems, such as minority achievement (Ewell, 1990). In Minnesota, small grants to initiate assessment allowed some experimentation with addition-to-base incentive funding mechanisms in the first place. Through the process of implementing assessment, state policymakers also became more sensitive to the fact that myriad unrelated policies can create contradictory incentives for campuses in addressing problems of undergraduate instruction. Foremost among these are funding mechanisms that tend to discourage investment in the lower division and in initiatives that cut across established disciplines (Jones and Ewell, 1991).

Finally, though examples remain few, some states have used assessment results directly to inform specific policy decisions. In Florida, Texas, and New Jersey, early results of state-wide basic skills examinations helped build a case for resource reallocation to better support developmental programs at two-year colleges (Ewell, 1990). And even where few comparable statewide results are available, state authorities are beginning to detect patterns in local results that can be used in their planning and setting of priorities—for instance, in Virginia with regard to general education or in New Jersey and Tennessee with regard to minority student achievement.

But states have also had some negative experiences with assessment. As was the case in institutions, the foremost of these has been policy isolation: assessment implementation and reporting can become a "train on its own track," unconnected to other state-level policies or procedures that also affect undergraduate education (Ewell and Boyer, 1988). To some extent, this phenomenon is a clear consequence of implementing assessment as a distinct reporting requirement and of providing specific funding to support it. The suspension of the New Jersey COEP program in 1991 due to funding shortfalls and lack of political support illustrates one consequence of isolation (Ewell, 1992). Missouri and South Carolina incorporated institutional assessment reporting visibly into a wider rubric of strategic planning to attempt to deal actively with the problem of policy isolation.

A second prominent problem is the growing inability of most states to integrate the results of disparate campus assessment programs into a sufficiently simple and coherent statewide picture to satisfy external accountability demands (Ewell, 1991). Coupled with frustration at not gaining universal institutional compliance, this situation is again putting pressure on state leaders to propose common procedures for gathering evidence. Additional legitimacy for these efforts is provided by the National Education Goals Panel, which in 1991 recommended eventual development of a sample-based national assessment of collegiate proficiency in the areas of critical thinking, communication, and problem solving (National Education Goals Panel, 1991). In 1990–1991, one result was a significant increase in state-level proposals for common outcomes testing and strong reemergence of interest in performance funding alternatives for higher education (Ewell, 1991).

On balance, then, the primary impact of assessment on state policy development has been to open new avenues for systematically considering academic issues traditionally considered off-limits to outside authorities. Though the information collected from institutions has proved occasionally valuable in making specific decisions, the real value of assessment has been in the proactive academic leadership that it has provided.

Some Lessons for the Future

As emphasized, the states have learned a number of lessons through assessment that are growing in importance as they develop more proactive approaches to higher education policy. Through assessment, state authorities have become more comfortable with academic issues in general and less willing to defer automatically to campuses on matters of content and pedagogy. At the same time, they have witnessed the benefits and limits of approaches to change that are decentralized, campus centered, and incentive-based. The ramifications of these experiences are visible in current discussions in many states about restructuring higher education governance and resource allocation mechanisms for the 1990s.

In conclusion, it is therefore useful to note a few of the specific lessons learned by states through assessment and their implications for the future. Among the most prominent are the following:

1. *Requiring assessment to stand alone results in little real impact on campus behavior.* In the future, states will be increasingly conscious of the need to systematically integrate assessment requirements with other state-level incentives and policies that affect the improvement of undergraduate education. At the same time, they will be unlikely to continue approaches where lack of campus compliance has no consequences.
2. *Decentralized approaches, though they continue to show promise* for inducing local improvement, are increasingly unsatisfactory in achiev*ing credible accountability.* In tight budget times and in the context of a national discussion about creating comparative standards of achievement, state governments will be under increasing pressure to evaluate college outcomes directly. Most likely, this task will emerge as part of a more comprehensive one of developing common performance indicators covering inputs, processes, and outcomes such as are currently in place in Texas, Tennessee, and South Carolina (Ewell and Jones, 1992).
3. *Decentralized approaches that preserve considerable campus initiative do work eventually to change local practice, but the process takes time and requires consistent messages and incentives.* States in the future will likely emphasize creating a local "market" for assessment results by building them into requests for addition-to-base incentive funding or performance funding mechanisms. At the same time, they will stress assessment practice as only one component of a more comprehensive agenda of curricular and instructional reform.
4. *Policies that act indirectly to increase the decisional discretion of institutional leaders remain the key to meaningful, long-term campus action.* Despite a more visible accountability context, state authorities will likely continue to stress policies that give local leadership the tools it needs to overcome campus inertia—particularly in such cross-cutting areas as general education. The result will probably be a tighter version of the predominant policy "bargain" of the late 1980s that yielded state-level assessment in the first place: increased management discretion to institutions in the use of resources in return for specific performance as measured by a defined set of statewide indicators.

Consistent with the experience of the 1980s, these anticipated lessons for the 1990s will probably apply unevenly; their impact will be dependent upon local political and fiscal conditions. In this respect, the shape of the future remains uncertain. But a new generation of higher education policy appears to be in the making that, when in place, will trace much of its ancestry to the experiences that states gained in implementing assessment in the late eighties. And regardless of their many impacts on campuses—both direct and indirect—this may well prove to be the most lasting legacy of the external assessment mandates of the last decade.

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Roots and Realities of State-Level Performance Indicator Systems

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When higher education is the topic of discussion in state legislatures, terms like *accountability, performance,* and *productivity* come up frequently. One outcome of this debate is the increasing number of states adopting new accountability policies requiring public colleges and universities to assess and report their performance on a common set of measures, or *performance indicators.* Currently, about one-third of the states either have adopted or are considering adopting performance indicator systems ranging from those using easily quantifiable information such as faculty-to-student ratios to more qualitative measures such as plans to increase minority student enrollment. Most of this activity has occurred since 1990.

One reason state policymakers are growing increasingly interested in performance indicators is that the results serve many purposes. By reporting performance publicly in the form of statewide or campus annual reports, policymakers are seeking to demonstrate higher education's accountability to its many constituencies. In addition to accounting for the public investment in higher education, performance data can be used to assess progress on state or institutional goals or to guide planning and budget decisions. Other applications include identifying areas in which productivity or efficiency can be improved.

After five years into what may be described as the performance phenomenon in higher education policy, significant doubts linger about whether, in fact, indicators can and do fulfill their broad, ambitious purposes. Proponents and critics alike voice such concerns as, How (if at all) are the results being used by states, colleges, or others? What is the evidence of actual improvement? Is it significantly related to the public reporting of indicators? Do these new accountability policies really make much of a difference when it comes to tackling some of the more vexing problems such as budget shortfalls, college affordability, and educational quality—problems that plague public higher education in the 1990s? And perhaps most important, what potential do performance indicators hold for helping policymakers, the higher education community, and the public identify and begin to address challenges facing higher education in the future?

Such questions lie at the heart of the current debate surrounding the development and use of these often-controversial measures. In this chapter, I will address some of these concerns. First, I will trace the political, economic, and social context that gave rise to new accountability policies, that is, the roots of performance indicators in higher education. Second, I will examine the patterns and trends emerging from various states' experiences—the realities associated with designing, implementing, and using performance indicators. This analysis draws extensively from evidence gathered through in-depth case studies of ten states (see Table 1) that have been among the leaders in designing and using higher education performance indicators, as well as the experiences of other states that have initiated similar efforts (Ruppert, 1994). The case studies were conducted during 1993 and 1994 as part of a two-year project of the Education Commission of the States (ECS). The ECS project was funded in

TABLE 1

ECS Case Study States with Year and Origin of Performance Indicator Policy

State	Year	Origin
Colorado	1991	State higher education agency
Florida	1991	Legislature
Illinois	1991	State higher education agency
Kentucky	1992	Legislature
New York (SUNY system only)	1993	System office
South Carolina	1992	Legislature
Tennessee	1989	Legislature/State higher education agency
Texas	1992	Legislature
Virginia	1993	State higher education agency
Wisconsin	1992	Task force /State higher education agency

part by a grant from the U.S. Department of Education's Fund for the Improvement of Postsecondary Education, with additional support provided by the Pew Charitable Trusts through ECS's State Policy and College Learning Project.

Good News, Bad News

Overall, the experiences of the ten case study states and others demonstrate both positive results and lingering uncertainties. There is substantial evidence that performance indicators can be powerful policy tools to help inform higher education decision making when the indicators are well integrated with other planning and funding policies. Illinois's application of campus- and system-level performance data in making policy recommendations to further state goals is one such example. Yet there is also ample evidence to suggest that all too often performance data are, in the words of one educational researcher, simply coming to a rest and sitting there.

At their worst, performance results can actually deflect attention from more critical issues or produce other unintended outcomes. This is especially true when the indicators themselves are based only on things that are easy to identify, count, or measure. An overemphasis on student retention or graduation rates, for example, can have a detrimental effect on state access and equity goals by creating incentives for institutions to admit only those well-prepared students who are most likely to graduate.

Although I do not offer definitive answers here as to what constitutes the most appropriate performance measures—that depends largely on the priorities and purposes established by individual states—I do conclude that the identification of meaningful indicators for determining, assessing, or reporting on measurable goals is a good idea. When used in such a context, performance indicators can be more than a means for documenting the past. They can also inform the future when they are developed within a policy framework ensuring that they are policy relevant and purposeful. That is, performance indicators should not only reflect but help define and communicate a state's public issues and choices for higher education. And they should be connected directly to other higher education policies and incentives as well as consistent with other data-collection efforts.

The Past as Prologue

The rapid rise and quick implementation of performance indicators in higher education since 1991 has led to their characterization as a phenomenon (Bogue, Creech, and Folger, 1993; Ewell, 1994). But performance indicators are best understood as evolving from the cumulative effects of past policies and as a part of a broader economic, social, and political landscape affecting higher education and public policy. Four converging conditions have significantly affected the state policy climate and institutional practice in the 1990s and will further serve as major considerations in shaping higher education's long-term future. The conditions are as follows:

Decline in state appropriations for higher education. In 1992, on the heels of the economic recessions most states experienced, many public colleges and universities faced a first-ever two-year decline in state funding for higher education.

Since then, a modest recovery has been under way, and in 1994 state appropriations overall for higher education increased by about 3 percent from 1993, close to the annual rate of inflation (Zumeta, 1995). This is not sufficient to recover the lost revenue base, however, particularly when enrollment increases are taken into account. Moreover, there is meager evidence to signal a return to the more flush times of the 1980s, when higher education gains often exceeded 10 percent annually. Higher education's share of total state budgets has slipped also, in part because mandated funding for K–12 education, corrections, and health care are now commanding larger shares.

As one response to state fiscal constraints, colleges and universities hiked student tuition and fees nearly 50 percent at public institutions in the past five years alone (Alderman, 1994). This means that more of the responsibility of paying for higher education is shifting to students and families, while the state revenue share has dropped. In the ten years between 1983 and 1993, the state revenue share dropped from 70 percent to 62 percent, while tuition revenues grew correspondingly from 24 percent to 31 percent (WICHE, 1994).

Change in the demographic profile of students seeking postsecondary education. Decline in the size of the traditional college-going cohort (eighteen- to twenty-two-year-olds) during the 1980s was more than offset by growth in older and minority student enrollment rates. At present, the fastest-growing group attending college is older adults, many of whom are women attending college on a part-time basis. Enrollment, retention, and graduation rates for students of racial and ethnic groups historically under-represented in higher education have improved modestly, although rates still lag far behind those of the non-minority student population.

This demographic picture will shift dramatically over the next decade as more and more high school students graduate from the nation's public schools and begin entering higher education. Nationwide, the number of high school graduates is projected to grow by more than one-third by the year 2007 (WICHE, 1994). In such high-growth western states as Washington, Arizona, and California, the numbers of high school graduates are projected to increase by 50 percent or more during this time. Equally dramatic changes are expected to occur as new graduates are increasingly from populations historically under-represented in higher education.

Rising societal needs and expectations for higher education. All this comes at a time when higher education is being given more importance and value by states and the public. States view higher education as a critical source of research and public service that can be marshaled toward addressing many of the complex ills plaguing modern society. For individuals, a college degree serves as the gateway for personal economic mobility that a high school diploma served a generation ago.

Even though a majority of individuals feel a college education is becoming increasingly indispensable, they also see it slipping increasingly out of reach. According to public opinion polls, an overwhelming 88 percent agree that a high school diploma is no longer enough to qualify for a well-paying job in the United States (Yankelovich, 1993–94). But nearly the same number feel that college costs are rising at a rate that will put college out of reach for most people.

In short, higher education has entered a new era in which colleges and universities face the challenge of educating a growing and more diverse population of students to higher levels of attainment with, at best, moderate increases in state resources. To many observers both within and outside the academy these conditions raise serious concerns about limited student access, erosion of quality and additional burdens related to cost. Beyond the issue of cost, many are asking how well the money that colleges and universities do receive is being spent.

Increased skepticism and scrutiny of all social institutions. The public's concerns about higher education in the 1990s provide a glimpse into prevailing public attitudes toward institutions more generally, particularly public and government institutions. Put simply, the public is asking and demanding answers to tougher and more probing questions about costs, affordability and results. Many state and federal policymakers have responded to these concerns by applying to the public sector the management principles developed initially in the business sector and private industry.

In *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector,* an immensely popular book with government officials, authors Osborne and Gaebler (1992) assert that "words like *accountability, performance,* and *results* have begun to ring through the halls of government" (emphasis in original; p. 141). Like other books of this genre, it espouses that an organization driven by a "customer-defined" mission embraces new systems of accountability This new system focuses on achieving greater results for less money by measuring performance through outcomes.

Higher education—America's thirteenth largest industry, with total costs approaching $120 billion annually—is not exempt from these influences. The combined effects of balancing higher education needs against competing demands, escalating costs, and greater public scrutiny have led to the search for new approaches to reinventing higher education, along with other social institutions. Convinced that colleges and universities will have to do more with less, policymakers are trying to promote changes by introducing new accountability measures designed to increase efficiency and raise productivity. Performance indicators, a central feature of many of these initiatives, are designed to provide tangible evidence of results.

Among the case study states, new accountability policies most frequently originated with the legislature or the state higher education agency. In some states, the impetus came from legislative or gubernatorial efforts to reorganize government in general. In Texas and Florida, for example, new higher education accountability policies are linked to more encompassing statewide efforts to restructure government services.

Where the coordinating board has had a history of strong involvement in planning, such as in Illinois, Wisconsin, Virginia, and the State University of New York system, board initiatives were proposed in part to stave off possible legislative intervention. Colorado's board-initiated Scorecard effort was created to address legislative dissatisfaction with earlier assessment reporting formats; in Kentucky and South Carolina, passage of comprehensive elementary and secondary education reform legislation prompted a corresponding interest in higher education.

Accountability Revisited

The wave of new accountability policies and the emphasis on measuring performance also have some grounding in earlier policies. In most states, the "accountability movement" of the 1990s, which spawned higher education performance indicators, can trace its roots to the "assessment movement" of the 1980s. State-level student assessment polices developed during the mid-to-late 1980s advocated a largely campus-based approach, wherein colleges and universities bore primary responsibility for designing and implementing their own programs for assessing institutional effectiveness. Accountability was achieved more as a by-product when institutions provided qualitative evidence of assessment activities and use of the results for instructional or curricular improvement.

Unlike current circumstances, such policies were designed when most states were experiencing a period of slowed enrollment growth and an expanding resource base for higher education. The new accountability policies of the 1990s reflect the changing view that higher education needs to be more responsive to current conditions and state priorities and more publicly accountable to a broader, primarily external constituency that includes students, employers, parents, and the general public. Where such policies exist, most are designed to supplement rather than replace earlier campus-based approaches. The added requirement of reporting performance on a set of indicators is to give those with a stake in higher education a better sense of what is being measured and achieved with public resources.

Now, some years after new accountability policies have been adopted and implemented in many states, both proponents and critics of these often-controversial measures are wondering to what extent performance indicators have served the purposes for which they were intended. Do the performance indicators identified in any particular state actually reflect that state's priorities and public concerns for higher education? Are the performance results relevant and useful for informing decisions? And do the results effectively communicate to higher education's various constituencies a sense of what is being measured and achieved? Emerging patterns and trends drawn from the experiences of the ten case study states and others provide clues to how well the process may be working. While it may be too soon to render a final prognosis, the preliminary findings point to mixed results.

What Gets Measured Is What Gets Valued

With most new accountability policies, public colleges and universities are required to assess and report publicly their performance on a set of indicators. Following is a list of the most commonly identified measures among the ten case study states.

1. Total degrees awarded by institution and program and time to degree
2. Enrollment/retention/graduation data by gender, ethnicity, and program
3. External or sponsored research funds
4. Admission standards and measures of first-year class against standards
5. Number and percentage of accredited and eligible programs
6. Total student credit hours produced by institution and discipline
7. Remediation activities and indicators of remedial effectiveness
8. Transfer rates to and from two- and four-year colleges
9. Pass rates on professional licensure exams
10. Placement data on graduates
11. Results of follow-up satisfaction studies (alumni, students, parents, and employers)
12. Faculty workload/productivity data

Although the actual number in any state may range from fifteen to twenty-five indicators, most of the case study states share a common core of data elements. Graduation data, licensure exam pass rates, and faculty productivity measures, for instance, are reported in some form in nearly every state.

A review of the list quickly reveals that the core indicators are mostly familiar, and they tend to be quantifiable. Inclusion of more uncommon data elements is limited in part because of a tendency to rely on available data. This emphasis on quantification in most states is due partly to the desire of policymakers to have measures that can be easily understood and interpreted by a wide audience. Quantitative data are more amenable to presentation in tabular form and allow for institutional comparisons—a distinctive feature of the new accountability policies.

Several factors account for the similarity in the indicators identified across the states. Clearly, shared values about what are important pieces of information explain some of the consistency. Graduation outcome data and the average time to degree are just two measures that respond to the growing public concerns about rising college costs and the economic value of a college degree, but circumstances also contribute to the consistency in the indicators identified by states. Some of the similarity in language and content in the set of indicators identified by several southern states is the result of policymakers in those states attending the same regional meetings and sharing their originating legislation with one another.

While shared values and circumstances may contribute to determining what is deemed important, it is just as likely that ready access to certain types of data have helped shape the list. One important source for identifying indicators is the list of standard data elements defined by federal higher education information surveys such as Integrated Postsecondary Education Data System (IPEDS), which is administered by the National Center for Education Statistics.

Specific Indicators, General Goals

Performance indicators, whether mandated by a legislature or developed by a state or system office, typically are arrayed around broad public concerns for resource availability and use, the quality and equity of services provided, and improved productivity and efficiency. Often, the indicators are related to general priority categories such as Florida's goals for academic productivity, efficiency, quality, and equity. Illinois has identified five slightly more specific goals: maintaining diversity, extending educational opportunities, assuring academic excellence, promoting economic development, and improving cost-effectiveness.

The five categories described next provide one means for classifying performance indicators in a way that conforms generally to the issues or goals identified by states.

Educational Quality and Effectiveness. This category is where a vast majority of the indicators most appropriately fit. Not surprisingly, attention to undergraduate teaching and learning is emphasized, and the indicators reflect concerns about both cost-effectiveness and educational effectiveness. As such, many quality performance indicators center around the "value added" by the educational experience, as represented by input and output measures. There is also increasing recognition of the link between educational quality and processes pertaining to instructional good practice and resource investment in efforts associated with teaching.

Examples of indicators are ACT and SAT scores of entering freshmen, number of students in remediation, remedial effectiveness, availability of academic programs, amount of financial commitment to instruction, student-faculty ratios, class size, type of faculty teaching lower-division courses, time to degree completion, course demand analysis, graduation rates, performance of graduates on licensure exams, job placement rates, graduate-employer satisfaction, number of degrees awarded by discipline, and number of degrees granted.

Access-Diversity-Equity. This category relates to higher education's ability to accommodate changing student demographic patterns and the changing needs of the student population.

Examples of indicators are persistence and graduation rates by ethnicity, availability of student financial aid, faculty diversity, college participation rates, progress in affirmative action, and student demographics.

Efficiency and Productivity. This category refers essentially to how well and at what cost a campus, system, or state addresses its particular goals or priorities. One means for monitoring this is through indicators that measure how the resources of the institution—faculty, space, and equipment, for example—are used.

Examples of indicators are program costs; time to degree and number of credits by institution and degree; classroom and laboratory utilization charges to students; state appropriations per capita and per resident student; total contact hours of instruction by faculty rank, institution, and course level (faculty workload); facilities maintenance; average faculty salary; and student-faculty ratios.

Contribution to State Needs. This sector reflects state policymakers' increasing concerns, particularly about workforce and economic competitiveness issues, and the expectation that higher education will help in meeting identified needs.

Examples of indicators are relation of program to employment needs, number of graduates in science and engineering, economic impact on state, continuing education activities, and employer ratings of "responsiveness."

Connection and Contribution to Other Education Sectors. This area reflects the desire of policymakers for higher education to address concerns related to the educational system as a whole. Indicators that can provide evidence of strengthened connections between K–12 and higher education are of growing interest but still are relatively uncommon among the states.

Examples of indicators are effectiveness of remedial education, transfer rates from two-year to four-year institutions, feedback on performance to high schools, research and service in support of K–12, and performance of transfers at senior institutions.

The ability of the performance indicators identified under each category either to provide useful information or to reflect public concerns is limited by at least two factors. One problem relates to the general nature of the categories. Absent a specific issue that is stated, for example, in the form of a target, question, or standard, it is not always clear what the indicators are supposed to measure.

A second problem has to do with the indicators themselves. If the selection of indicators is constrained by the need to identify primarily statistical or readily available data, they may simply be inadequate for addressing a particular concern. Questions about whether data for an indicator are available and of good quality have sometimes preceded questions about what the data are for and how they will be used. This situation can lead to dire consequences for the rest of the policy-making process. In many instances, the selection of performance indicators is the starting point in accountability discussions. And, as such, the measures themselves have shaped the discussion about what is important, rather than an informed debate about more critical and pressing public policy issues affecting higher education and its role in the state's future. This point warrants emphasis because the results of such a debate can lead to the identification of clear goals or priority issues that provide a framework for the collection of performance data.

Making Sense Out of Performance Data

Performance indicators are, in essence, a policy tool; as such, their value depends on how they are applied to the task of making policy. Essentially, four major purposes have emerged for the use of performance data. Often these overlap, with some indicators designed to serve multiple purposes or to communicate to several different audiences by adapting the reporting formats. These purposes are as follows:

To monitor the general condition of higher education. Reports on the "return on the public investment" in higher education speak to a wide range of "customers," including individual citizens, employers, and the general public.

To inform the general condition of higher education. Where the coordinating or governing board rather than the legislature has sought to define indicators, they tend to be more closely tied to planning. There is growing interest, although with varying degrees of involvement, in linking performance reporting to budget consequences. While only Tennessee has a substantial history of performance-based funding, a number of other states are considering similar approaches.

To identify potential sources of problems or areas for improvement. The publication of college graduation rates is one example of how public reporting can help to focus attention on particular problem areas. Presumably, this can spur improvement over time through better market information and consumer choices and through better informed management decisions.

To assess progress on state priorities or goals. In recent years, state-level policymakers have engaged in more strategic planning activities to establish state priorities or goals for higher education. Using performance indicators to monitor progress toward goal achievement is a purpose cited by several case study states.

At their best, performance results can guide the development of higher education policy by contributing directly to solutions of specific policy problems or guiding tough choices about how to allocate resources. Tennessee's approach uses institutional results that document improved performance toward such goals as increasing racial diversity as the basis for "rewarding" institutions with up to 5.45 percent of their state appropriation. Colorado lawmakers approved a 1994 bill that ties institutional performance in five state priority areas to incentive funding for higher education.

At their worst, performance results can send wrong-headed messages about priority concerns or simply short-circuit the debate about such issues altogether. For example, simple retention rates often say more about whom a college admits than about the effectiveness of its retention practices (Astin, 1993). Indeed, an overemphasis on student retention rates could have the detrimental effect of creating incentives for institutions to admit only those well-prepared students who are most likely to stay the course. It can further serve as a distraction from more central issues focused on higher education's ability to accommodate the educational needs of a growing and diverse population. One important consideration in ensuring a close fit between performance data and their designated purposes is what and how results are conveyed to their intended audience.

Communication Matters

Audience issues—how, what, and to whom information gets communicated—play a significant role in determining the relevance and usefulness of performance data. Because one set of indicators is often designed to serve multiple purposes, the same information is reported—sometimes with different formats—to many constituencies, including prospective students and their families, taxpayers, campus leaders, and policymakers.

A challenge to the effective presentation and communication of performance data is to identify the correct unit of analysis (D. Jones, personal communication with author, 1994). For some types of performance and measurement, the individual college or university is the unit of analysis. For example, data might show how a college compares with its peer institutions in terms of program costs or results. Individual institutional performance data may not be appropriate, however, for state-level or individual "consumer" questions.

If questions of audience are not addressed carefully, the result can be a report that is too broad or general to answer the questions specific to any particular audience. For example, the type of information a prospective student might need to make a wise choice about which college to attend will not likely be the same information a state legislator needs to determine if state-level goals for working with the public schools are being met. Often, performance data need to be translated into terms or formats that are the most meaningful and easily communicated to their intended audience. Consider the question of students transferring from two-year to four-year colleges from three different perspectives (from Ewell and Jones, 1994, p. 13):

Institutional perspective: The indicator could be the proportion of degree-seeking students from a two-year college who successfully enroll in a baccalaureate program at a four-year institution.

State system of higher educations perspective: The indicator could be the proportion of baccalaureate degrees granted by public institutions to students who began their studies at a two-year college.

Individual student's perspective: The indicator may be the statistical chances of a student in a particular city who comes from a particular ethnic group completing a baccalaureate degree within six years after enrolling in a particular two-year college.

From Principle to Policy

In all likelihood, higher education accountability, performance, and productivity will continue to be topics of discussion in state legislatures over the next few years, especially if projections about continued diminished resources for colleges and universities prove true. State-level performance indicators can play a major role in determining, assessing, or reporting on the goals or priorities established by individual states. But the identification of more or new performance measures should not be the starting point in such policy discussions. Rather, the design of a meaningful set of performance indicators should evolve through a deliberate decision-making process, guided by a set of principles for evaluating the soundness of any indicator proposal.

Toward this end, the experiences of states to date point to the importance of several principles in the development of performance indicators:

The goals or priorities should reflect important public issues. Clear state, system, or institutional goals and priorities are a necessary first step to determining data-collection needs and knowing what indicators are appropriate to the task. Measurable goals or standards for performance can provide a framework for the collection of information and for making sense of raw data.

The purposes for indicator data should be clear and explicit. To ensure a close fit between the problems or priorities addressed and the policy tools employed, it is necessary to be absolutely clear from the outset on the specific purposes that policy should serve. A starting point in the consideration of accountability policies and performance indicators is to ask questions related to overall desired impact. For example, are performance indicators proposed as a means to protect and inform the public? Are they to ensure acceptable standards of quality? In general, the more purposes to which performance information will be applied, the more general and diffuse the set of indicators will need to be.

The indicators should be consistent with the goals and purposes. There is no one ultimate set of indicators. Adopting valid and reliable indicators that fit the goals and purposes are preferable to identifying indicators just because the data are available. The set of indicators that, for example, monitor progress toward state goals may not be the same set that will assist prospective students and their parents in selecting a college.

The indicators should have real consequences related to funding and incentives. Policies related to performance indicators should be consistent with the incentives and constraints provided by other policies. Performance indicators are not a panacea; good policymaking requires creating institutional incentives for change. Inducements or capacity-building incentives can help institutions move beyond simple reporting compliance. One test of a good indicator system is to ask whether resources will be allocated on the basis of indicator data.

The relevant results should be communicated to specific audiences. Information derived from performance indicators can help make sense of seemingly random events, and it becomes a vehicle for statewide dialogue about quality and accountability in higher education. When reporting results, the content and format should be appropriate and understandable to the intended audience. The kinds of information needed by state policymakers for budget allocation purposes, for example, may differ markedly from what taxpayers and employers want to know.

Conclusion

In most states, the move toward greater accountability has been precipitated by decreased state resources for higher education, rising costs, and growing demands for access. To what extent performance indicators can assist in addressing these critical issues remains to be seen. As state policymakers and educational leaders continue striving to develop meaningful and appropriate measures, it is as yet unclear whether performance indicators can be both an accountability device for charting the past and a planning tool for meeting higher education needs for the future.

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Developing and Viewing Faculty as an Asset for Institutions and States

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Introduction

Higher education, and especially public higher education, is facing some significant challenges as it approaches the 21st century. Funding constraints, addressing the needs of increasingly diverse student populations, and concerns over access to higher education; coupled with increased skepticism of the public toward the academy have created a very uncertain future for public colleges and universities.

If we turn the lens outward for a minute, however, it becomes evident that the problems confronting public higher education are but a small piece of the patchwork of issues confronting states in the 1990s. Social issues such as health care and welfare reform, and public concerns about crime, K–12 education, taxes, and government spending all appear to have greater political and policy salience at the moment than those pressures faced by higher education.

Higher education, most prominently the faculty, could (and should) play a significant role in meeting the challenges facing state and local governments. Without a doubt, higher education's ability to meet its own challenges hinges on the abilities and dedication of the faculty. These concepts have historical precedence beginning with the establishment of the land grant institutions and their emphasis on service to the community.

However, these historical linkages with faculty have been weakened over time by a number of forces to the point where some of our external stakeholders feel that the faculty are more interested in perpetuating the status quo instead of as actively trying to fashion solutions for change. To be fair, there are as many in the faculty ranks across the country who feel alienated and frustrated by this criticism and the apparent lack of understanding about who they are and what they do.

We should note up front that because of our backgrounds and experience we take an almost exclusively public policy/public higher education bent in addressing this issue. As suggested previously, we view faculty not just as an institutional asset, but also one for the public good. Thus, the purpose of this paper is to take a fresh look at the role and function of faculty in higher education—that is as an *asset* for institutions and states in addressing important issues. In this paper, we address the following questions:

- What are the major external challenges currently facing public higher education?
- What do we know about faculty activities and productivity?
- What are the public perceptions of the role of faculty in higher education? What are the faculty's perception of their role?
- How do we begin to address the issue of faculty as an institutional and state asset?

Public Higher Education in a Period of Change and Uncertainty

Public higher education is currently in a period where some tremendous external forces are creating an uncertain future. This period is marked by at least three interrelated trends:

1. *Stagnating or declining state financial support.* For public higher education in many states, state support for higher education has waned in recent years after a period of relative growth in the 1980s. Data from the Center for Higher Education at Illinois State University indicate that nationally, state tax appropriations for higher education declined one percent between FY 1991 and FY 1993 (approximately $400 million). This was the first two-year decline ever recorded by the Center in its 35 year history of reporting this information. Data for FY 1994 suggest some improvement in the national trend, although several states, notably California, remain in poor fiscal condition.
   This absolute decline in state appropriations has been paired with a declining share of state funding for higher education. Data from the National Conference of State Legislatures indicate that, nationally, higher education as a percent of state general fund spending declined from 14.6 percent in FY 1988 to 12.2 percent in FY 1993.
2. *Increased interest at the state level in "accountability."* At the same time, public higher education is being called upon to justify itself to state policymakers. Accountability itself has become an umbrella for several subissues: e.g., the quality of and access to undergraduate education, administrative costs, affordability, contributions to state economic and social needs. While the issues vary somewhat from state to state, the common thread running throughout is an increased emphasis on outcomes and products benefitting the state. Put another way, states are asking the question, "what are the citizens of this state receiving from their investment in higher education?"
3. *Concerns about faculty productivity.* Increasingly, state policymakers and citizens are asking questions about what faculty do, how much they work, and what they accomplish. According to the *Chronicle for Higher Education* (1994), 24 states conducted faculty workload studies in 1993–94. The development of this issue is clearly a logical extension of the previous two trends. Faculty salaries constitute a major portion of institutional budgets. Likewise, concerns about the quality of undergraduate education have at their core a concern about the degree of faculty involvement and interest in undergraduate instruction.

Research on Faculty Activities and Productivity

While this is not a paper on faculty productivity per se, we need to address what is known about the topic because this is the issue currently framing the debate among our external stakeholders over the role of faculty. While the definition and measurement of faculty activities and productivity in higher education have their limitations, the empirical research in this area should be explored.[1] Most empirical research on faculty productivity covers three broad categories: "workload" studies; instructional productivity; and noninstructional productivity.

Faculty workload studies. Faculty workload analyses are not new. One source notes that the first study of faculty workloads occurred in 1919 (Yuker 1984). Subsequent studies of this issue have shown a fairly consistent pattern of faculty workload within the traditional tripartite workload model (instruction, research, and public service). While there are variations among different types of institutions, disciplines, and instructional staff types, faculty generally report working 50–60 hours per week, with approximately one-half of the time devoted to teaching and other instructional activities. The issue of internal shifts in faculty workload over time is discussed in Box 1.

BOX 1: "The Ratchet"

There is little empirical basis for determining if and how the internal dynamics of faculty workload have changed. A 1991 report by the State Council of Higher Education for Virginia (SCHEV), which compared faculty survey results from 1975 and 1991, however, found the distribution of time spent in teaching, research, and service did change for faculty members at public institutions in Virginia. Generally, this report found that faculty at all types of institutions, four-year and two-year, were spending proportionately more time in research in 1991 than in 1975. William Massy has developed an explanation for this phenomenon termed simply, "the Ratchet." In short, Massy argues that "the Ratchet" works as follows for any given academic department (assuming constant or declining enrollments):

- Increases in the number of faculty in a department or in the leveraging of faculty time with lower cost part-time instructional staff or teaching assistants lead to a broader and more specialized curricular array for the department. They also lead to smaller classes because existing enrollments are spread out over a larger number of course offerings.
- Instruction under this scenario takes less time because smaller, more specialized courses are easier to teach for the faculty member, resulting in a reduced "effective" teaching load.
- The lowered "effective" faculty teaching load leads to increased time spent in other activities, namely research and other scholarship (Massy 1990).

The results of the 1988 National Survey of Postsecondary Faculty (NSOPF-88) were consistent with these past studies. Full-time faculty at all institutions (public and private) reported working 53 hours per week in Fall 1987. Among the various types of public institutions, this average ranged from 57 hours per week at research universities to 47 hours per week at two-year institutions. Data from this survey on the allocation of faculty time among the different workload categories indicate that for all institutions, faculty spend an average of 56 percent of their time in teaching activities, 16 percent in research, 13 percent in administration, and the remainder in community service and other activities. This distribution varied predictably among the various types of public institutions with faculty at research universities spending more time than average in research and faculty at comprehensive and two year institutions spending more time than average in instructional activities.

Instructional productivity analyses. Another type of productivity analysis focuses on the instructional activity of faculty. Typically such studies focus on average course loads, contact hours, and credit loads. Yuker's (1984) analysis of the literature found the following patterns:

- **Type of institution:** Faculty at research universities tend to have lighter teaching loads than faculty at comprehensive institutions and community colleges.
- **Discipline:** Faculty in the "soft" disciplines (e.g., humanities) tend to devote more time to instruction than faculty in the "hard" disciplines (e.g., sciences).
- **Faculty rank:** There is an inverse relationship between rank and teaching load. Full professors tend to have the lightest teaching load while assistant professors and instructors tend to have the heaviest teaching loads.

NSOPF-88 examined two measures of instructional productivity: classroom contact hours and student contact hours.[2] In Fall 1987, faculty at all institutions reported classroom contact hours and an average of 9.8 classroom contact hours and an average of 302 student contact hours. Among public institutions, average classroom contact hours ranged from 6.6 at research universities to 15.2 at two-year institutions. Average student contact hours ranged from 259 at research universities to 427 at two-year institutions. Evidence on trends in instructional productivity remain largely at the institutional level, given that NSOPF-88 was baseline data. For example, Middaugh and Hollowell (1992) found in their study of instructional productivity at the University of Delaware that between 1985 and 1991, average faculty courseloads, classroom contact hours, and student/faculty ratios all declined.

Productivity in noninstructional activities. Much of what is known about faculty productivity in non-instructional activities is descriptive and is confined to research activities. For example, NSOPF-88 found that faculty in research and doctoral institutions produced greater than average numbers of journal articles, books/book chapters and monographs than did faculty in comprehensive and two-year institutions. There was also variance across discipline areas that was attributable to differences in modes of publication among disciplines. For example, faculty in the health sciences and natural sciences had above average numbers of journal articles while faculty in agriculture/home economics and engineering produced above average numbers of technical reports and nonrefereed articles.

Perceptions of the Role of Faculty in Higher Education

Increased interest in faculty accountability and productivity reveal an uncertainty about the role of higher education in society and the role of faculty in higher education. Likewise, anecdotal evidence about shifts in faculty priorities indicate some dissonance between faculty goals and the expectations of faculty by higher education stakeholders.

The role of faculty: public expectations. For many, a college education is seen as the way to improve one's economic standing. A national survey of new freshmen at all types of institutions in Fall 1992 found that 78.5 percent noted "getting a better job" as a very important factor in deciding to go to college (Dey et al., 1992). Thus, the public see faculty as teachers, first and foremost. Other activities—e.g., research and service—are seen by those outside of the academy as tangential to the "true" mission of public colleges and universities and not really understood by some. For example, when asked about faculty research activities, a Virginia legislator recently stated, ". . . the vast majority of people aren't aware that research goes on" (Pratt 1993, p. 16). Unfortunately, much of the blame for the public's indifference to or misunderstanding of these non-instructional missions must rest with those within the academy. Higher education in general has been extremely ineffective in providing insight into what and how it does what it does outside of the classroom.

Of greatest interest, of course, is the amount of time that faculty spend in the classroom. A California legislator was quoted as saying, "for years, universities faced with decreasing budgets would rather get rid of students than increase faculty workload. They all want to be like Harvard and lessen the teaching load. That can't continue" *(State Policy Reports*, March 1992, p. 20). The concern of state policymakers can be stated simply: faculty are paid primarily to teach and reducing that commitment is unacceptable. Both policymakers and the general public increasingly perceive faculty at public colleges and universities as concerned more with their professional advancement through research and publication than the education of undergraduate students.

The role of faculty: faculty expectations. Faculty expectations of their role are largely shaped by the cultures of their institution and field of study. These expectations are reinforced by institutional reward structures. Increasingly, we hear that research and publications are the coin of the realm, not teaching. The 1989–90 UCLA Higher Education Research Institute Survey of Faculty found that in public four-year institutions, less than ten percent of faculty believed that they were definitely rewarded for being good teachers at their institutions (Astin et al., 1991). As noted by James Mingle, Executive Director of the State Higher Education Executive Officers, "teaching credentials aren't very portable, while research credentials can carry one from institution to institution" (1993, p. 5). There is evidence that the rewards do go to those who do research. A recent study by the National Center on Postsecondary Teaching, Learning, and Assessment found that for full-time tenure track faculty, generally:

- The more time spent on teaching and instruction, the lower the salary;
- The more time spent in the classroom, the lower the salary;
- The more time spent doing research, the higher the salary; and
- The more publications one had, the higher the salary (Fairweather 1993).

These findings would suggest that the rational faculty member would want to spend more time conducting research and less time in instructional activities. Again, there is evidence that this is the case. NSOPF-88 posed the question, "if you changed jobs, would you want to do less, the same, or more teaching and research?" For all institutions, 50 percent of full-time faculty responding to that question would want to do more research compared with 11 percent wanting to do more teaching. On the other hand, only 8 percent would want to do less research while 30 percent would want to less teaching.

The dissonance of public and faculty goals. The available evidence suggests that there is a great division between what state policymakers and the public want from higher education and what higher education wants for itself. This leads us back to the renewed interest in accountability for higher education at the state level. There is no doubt that this interest is directly related to state-level perceptions that higher education is out of sync with state needs and goals. Part of this gap is attributable to the basic differences between the external political and institutional cultures. However, there should be no doubt that if public higher education does not work to improve the gap between institutional/faculty goals and state goals, there will be further state studies of faculty workload and ultimately, legislative solutions will be fashioned to "fix" the situation (e.g., mandated faculty teaching loads).

In the end, we are left with the question of whether traditional views of faculty activities (both internal and external) are still valid and if quick fix solutions to external concerns about faculty productivity are the *right* thing to do. It is doubtful that further studies of faculty workload or instructional productivity will provide any greater insight into these issues. It is also highly likely that legislative actions such as mandated teaching loads would further alienate the faculty from their external stakeholders with no resulting benefit for students. The core issue in our eyes is not how many hours a faculty member spends in the classroom, but instead how the activities of an institution's faculty fit within the context of the institutional mission and ultimately how the role and mission of that institution meet the needs of the state. Viewing faculty in this context quickly changes the focus from a faculty member as a service-provider to that of an *asset,* both at an institutional and state level.

Faculty as an Institutional Asset

For years, colleges and universities have counted facilities, equipment, library and computer resources as assets on their books. Yet, little to no attention has been given to its greatest asset: its faculty. Faculty salaries constitute a major portion of the total institutional budget and are one of the biggest investments institutions make.

The concept of viewing the faculty as an institutional asset was recently proposed by Jones and Lovell in *The Handbook on Human Assets: Recording-Keeping and Analysis* (December, 1993). They suggest that accepting the notion that our human resources (faculty and staff) are institutional assets requires a paradigm shift. This shift begins by viewing faculty as a long-term institutional investment to be developed and maintained instead of just service providers. In turn, this results in drastic changes in our human resources management practices. The perspective of simply "purchasing services" then shifts to the perspective of "investing in capacity" which puts the management of human assets within a different decision-making context.

For example, institutional managers who embrace the human asset perspective must now contemplate questions of what is necessary to create and maintain the asset and what must be done to continue the on-going management and cost effective utilization of this asset. This paradigm shift forces more of the institution's efforts to be spent on the selective acquisition and effective utilization of the institutional assets and less on merely accomplishing the tasks at hand (providing the educational services).

To accept the view that faculty are assets and to maximize the institution's acquisition and utilization efforts assumes a clear understanding and widespread commitment to the institution's mission. Identifying potential new assets is predicated on the assumption that the institution first knows who and what it purports to be and is able to determine whether the prospective asset can contribute to the existing environment.

A broader question of appropriate and desirable staffing patterns must be addressed to fully realize the asset concept. Therefore, questions of fit between the faculty member and the institutional culture become paramount. A closer look at the experiences of new faculty and a solid sense that previous experiences are appropriate for specific institutional environments are necessary. Moreover, since most faculty today tend to have a stronger allegiance to their professional disciplines, it would be in the institution's best interest to discuss whether the prospective faculty member's personal and professional priorities are consistent with those of the institution.

This paradigm shift also requires the institution to address its commitment to creating and maintaining the asset. What level of investment will the institution make to create the asset and at what level will the institution continue to provide adequate compensation to maintain the asset? Salaries are not necessarily the only consideration; investments in laboratory spaces, graduate students, and equipment often become negotiating tools.

Additionally, effective utilization is critical. Institutions must be as concerned with the utilization of the collective assets" skills and experiences as they are with their creation and maintenance. With limited financial conditions, the allocation of the asset in the most cost-effective manner must be a top institutional priority. Again, the institution's mission provides the framework for allocating scarce assets to important functions of the institution. Finally, as with any investment, care and attention must be given to make sure the asset does not depreciate. With the human asset concept, on-going renewal is critical.

Periodic staff development activities in the form of sabbaticals, faculty development, professional travel opportunities increase the institution's investment in the human asset and help ensure that faculty continue to provide significant contributions to the institution.

Institutional mission and faculty activities. Viewing faculty as an institutional asset must be made within the context of the institutional mission. The missions of public institutions have often been developed within the broader context of the overall system of higher education in a state. While the issue of faculty as a state asset will be addressed in the next section, it is appropriate here to briefly touch on faculty activities as they relate to different institutional missions within state systems of higher education. Given the significant role of faculty within the academy, it is understandable that external stakeholders are increasingly interested in what faculty do. However, a more appropriate question rarely addressed by state policymakers is whether the distribution of effort by the faculty, as a whole, is appropriate given the institutional mission. Focusing on this question may lead to more useful and productive discussions for state policymakers (See Box 2).

To have this type of discussion both the higher education community and the State must develop a relationship that begins with clear expectations and pointed conversations about the responsibilities of both in providing postsecondary education opportunities for the State's

BOX 2: Institutional Mission and Faculty Workload

Questions relating to institutional mission and faculty workloads were addressed in a recent study conducted by NCHEMS. The study set out to determine how a state's public institutions defined, measured, and monitored faculty workload and productivity. In the investigation of the policies relating to faculty workload, several significant observations were made. First, it was clear given the different statutory missions, faculty workloads did vary according to institutional mission. Second, an abundance of data about faculty workloads and productivity are available. Third, almost all activity relating to the assignment of and monitoring of faculty occurred at the department level. If there was a review, it occurred at the Dean's level (Dean of the academic school/college). Fourth, policies and data collected about faculty focused on the individual as the unit of analysis. Lastly, faculty workload was not reviewed on a campus-wide basis.

The state's initial interests focused on increasing faculty workload and productivity; however, it became clear that the greater interests and gains for the state were not questions relating to the amount of productivity but questions about the appropriateness of that effort given a particular institution's mission. Additionally, sharpened distinctions and expectation among institutions with different missions seemed to be a way the State could achieve its objectives without "micromanaging."

citizens and in meeting state needs. A new discussion will provide a chance for both sides to achieve their goals.

Faculty as a State Asset

The debate about the role of faculty at the state-level is not one of whether faculty work hard, but one of what they do. Therefore, a discussion of faculty as a state asset should not focus on faculty productivity, but on faculty activities that promote the achievement of the public's objectives and needs for higher education.

Tying faculty activities and responsibilities to the achievement of state and public needs requires a fairly significant shift in the way we think about higher education, especially academic programs and faculty research on four-year campuses. However, it is only with this paradigm shift that faculty may come to be seen as a state asset and that higher education may regain the public's support and confidence.

As illustrated earlier in this paper, at most four-year campuses, the greatest rewards are given for research. Frequently this research is in areas that neither the general public nor state legislators find truly meritorious (or even know about!). Instead, the public's interest is focused on other outcomes of faculty activity. These outcomes include:

- College graduates who can get jobs and advance in given careers;
- An education comparable to the tuition charged; and
- Solutions to state, social, and economic concerns, including improved public school systems and meeting workforce training needs.

Faculty activities and accomplishments in these arenas will promote an acceptance of faculty as a state asset. But how do we get there from here?

First, faculty and higher education leaders must accept the need for change. During the past four years of declining appropriations and public claims of dissatisfaction, the stated antidote was the need for improved communications between higher education and the public. There is an increasing awareness, however, that greater support will require new behavior, not better public relations (WICHE 1993).

Change is needed not only because of limited finances, but because the issues encompassing the economy and society are enormously complex. If we are to achieve a comprehensive understanding of these issues and develop a direction and possible answers for the challenges we face, there must be greater collaboration among higher education leaders and stakeholders. Change will come only with an infusion of interest and resources from higher education's external constituents. These collaborative relationships are also needed because higher education is a self-referencing institution. Public institutions of higher education, while financially dependent on state governments, tend to be significantly more autonomous than other state agencies, campus perceptions to the contrary. Because of this, the focus of public colleges and universities tends to be inward not outward. Collaborative relationships would help to temper the self-referencing nature of higher education.

The coalition must include higher education leaders—presidents, chancellors, SHEEOs, campus board members, administrators, faculty, and students—and its stakeholders—the governor, state legislators, local officials, business and industry, elementary and secondary education, the media, and the public. This coalition must identify and achieve consensus on higher education's role in meeting state goals. Given finite state resources and increasing competition for state funds, higher education's ability to meet state goals will, in most states, require readjustments to campus roles and missions. And with this must come a renegotiation of faculty roles and responsibilities.

Most frequently, the answer for change and more efficient use of resources has been to "increase faculty productivity" which, in some states, has been translated as mandating faculty contact hours. The rationale behind this argument is that if faculty teach more hours, campuses can do more without additional resources; students will not be closed out of required courses; and the public's demand for a greater emphasis on teaching will be answered.

However, mandating teaching loads is an approach that assures the continuation of a traditional higher education system, and does not enable an exploration of new service delivery approaches, especially the use of telecommunications and other methods of instruction. Faculty contact hours equate with "seat time" and provide little opportunity for creativity. Finally, and importantly, mandated contact hours bring us no closer to a view of faculty as a state asset.

On the other hand, holding faculty accountable for a "product" (e.g., instruction) may promote this new view. Logically, there is a greater sense of analogy between product and asset then between number of hours and asset.

Faculty as a state asset: a new model. The concept of state government's voice in the assignment of faculty responsibilities produces many a raised eyebrow on college campuses. While faculty accept the legal mandates of role and mission, linking teaching, research, and public service responsibilities to state objectives raises concerns of intrusion into academic freedom.

Therefore, a new model is needed in which institutions will be held accountable for achieving identified state objectives. Upon agreement of higher education's responsibilities for meeting state goals, state government leaders must retreat, and campus administrators and faculty should determine new assignments. Higher education must have the flexibility to reorganize and renegotiate faculty roles and responsibilities, and this must be done with the full participation of the faculty.

The bottom line of this new model is a significant change in academic culture. It means a new faculty orientation to state not discipline needs, and it also requires a change in the campus approach to faculty development, rewards, and incentives. In this new model a premium is placed on faculty activities and products that align with identified state objectives.

BOX 3: Perspectives on State Involvement in Faculty Activities

State Senator Lyle Hillyard, Chairman of Utah's Senate subcommittee on higher education appropriations, argues that discussions on faculty workload and productivity are driven by state funding limitations and legislators' interest in higher education's more effective use of state funds. Senator Hillyard, however, strongly supports the doctrine that state government must take a hands-off approach to higher education management including issues related to faculty productivity. Because higher education's budget request cannot be met, the Senator believes that the appropriate route is to allocate higher education its fair share and then remove any budgetary restrictions that might preclude administrators from making the wisest use of these dollars. But he is quick to add that any move to decrease enrollments because faculty teaching responsibilities are not increased will force a change in Utah's higher education-state government relationship. A final comment from the Senator is that Utah has developed a strongly collaborative system of higher education, and, therefore in the absence of "foolish or embarrassing conduct" the Utah legislature is comfortable in providing the higher education system with significant autonomy.

Another perspective on state involvement in faculty activities is provided by Terry Roark, President of the University of Wyoming. Dr. Roark believes that one approach to avoiding legislative involvement in faculty activities is a sensitivity to legislative concerns. As a discerning observer of state legislative warning signs, Dr. Roark went before his faculty senate in Fall 1993, to announce the need for a university policy on faculty productivity. He discussed the climate in the state capital and the opportunity for the university's faculty to develop a policy that would permit distinctions to be made among the several colleges and faculty groups. The harsh, but realistic, bottom line was that in the absence of a university policy that, in time, can demonstrate a reorientation of faculty activity toward state objectives, the legislature would mandate faculty teaching loads.

State government's role in faculty issues. The role of state government in faculty issues is somewhat problematic for most higher education leaders and stakeholders. Despite cries of "legislative efforts to micromanage higher education," few legislators want to play such a role and most legislators respect the importance of higher education's unique status in the state's budget. The difficulty for state legislators is that funding is no longer available to support higher education in the manner to which it has become accustomed. If higher education is to be responsive to this new fiscal climate, then change must come on the part of individuals who collectively receive the largest share of the budget—the faculty (see Box 3).

State governments can assume a proactive and positive role in the reorientation of higher education in meeting state objectives. For example, the Illinois Board of Higher Education (a coordinating board) recently sponsored two workshops to explore issues and questions related to faculty roles and responsibilities (IBHE 1994). Discussions focused on three broad areas: faculty development; breadth of faculty contributions; and incentives and rewards. The purpose of this initiative is to support and stimulate related institutional activities within the context of an ongoing statewide initiative being led by the IBHE regarding "priorities, quality, and productivity."

There are other potential approaches as well. If funding is available, state dollars might be used more efficiently to develop a grant program enabling faculty members to apply, on a competitive basis, for funds that would be given to state agencies and used for the research and development of projects focused on state problems.

An excellent example of this concept at work happened a few years ago in Wyoming. In the late 1980s, the state was concerned about declining oil revenues and wanted to know if it were possible to more effectively utilize the reserves. The legislature, in cooperation with the University of Wyoming, develop and funded "institutes" designed to address the specific concerns identified by the legislature. The faculty were awarded research dollars in a competitive process for their applied research. This kind of program sends a very clear message to faculty members that the state values their work and is interested in cooperative ventures that support their work and support the state's interests.

Another approach might be the establishment of research centers to study state and regional problems. States and higher education institutions need to spend considerable time and energy selecting investment targets, and identifying a small number of problems to be tackled. One way to crystallize this discussion is to identify or establish problem-oriented research centers in which the state invests for an extended period of time. Each center would have a clearly defined mission, and provide an environment in which faculty interested in addressing important issues can pursue applied research within a supportive work context. It should be noted that such centers need not be solely within the purview of major research universities. There are many important issues—such as workforce literacy—that can be addressed effectively by faculty.

An existing model: Community colleges. Most of the concerns regarding faculty activities have involved faculty at baccalaureate degree-granting institutions. As we move forward toward our new paradigm of faculty as an asset, there is much to learn from faculty at community colleges. The reason for this is that these institutions, by their very nature, have developed close, sometimes symbiotic, relationships with their communities and have tailored their instructional and other activities to the needs of their communities.

In 1992, staff from the Western Interstate Commission for Higher Education (WICHE) conducted interviews with 22 "Frontier Thinkers" whose insights were sought on issues that must be addressed if higher education is to be responsive to the economic needs of the 1990s and beyond. Interviews with Dr. Clark Kerr, President Emeritus, University of California and Dr. Ernest Boyer, President of the Carnegie Foundation for the Advancement of Teaching contribute to our understanding of faculty as an asset.

Dr. Kerr stated that faculty activities and programs at community colleges demonstrate that these colleges have "inherited" the role and mission of the land-grant institutions. The meaning of this dramatic statement is that by their nature, community colleges are integral parts of their locales, much as the original land grant institutions were in their infancy. Much of this is due to the growth in the community college movement over the past few decades. These institutions serve both the educational and economic needs of their regions, fostering an intimate relationship between institution and community.

Dr. Boyer's comments pay the same high tribute to the community college faculty. He states that before long, community colleges will be awarded the status of higher education's "favored nation." In short, the lessons to be learned from community colleges lie in their responsiveness to the needs of their stakeholders.

Conclusion

Clearly, higher education is at a critical juncture. Signals from our stakeholders are too loud and too consistent to misinterpret their meaning. We think that viewing faculty as institutional and state assets are first steps toward addressing these concerns.

Without a doubt, this change in paradigm will require significant cooperation, commitment and mutual trust on the part of all concerned. Institutions will need to make clear the mission of the institution and the resulting faculty expectations. As well, institutions and faculty will need to honestly assess whether their needs and goals are mutually beneficial. Institutions will also need to treat faculty as a strategic asset, requiring continuous maintenance and reinvestment.

States must take a strong leadership role in forging this change. As such, state policymakers will need to develop clear and reasonable expectations and objectives for their institutions of higher education with the involvement of the higher education community. Higher education may have to "do more with less," but it will not be able to do everything, and certainly not everything equally well. This will require a reexamination of institutional missions and the setting of clear priorities for higher education (and a clear articulation of the opportunity costs involved in such decisions).

In the end, however, it is the faculty that remain the key to this change in viewpoint. Without a reorientation of faculty thinking about their relationship to their institution and the needs of the public, all efforts to change are meaningless. However, with faculty interest and involvement in the process, creative initiatives *can* be developed to promote a change in how this significant asset is viewed and utilized.

Notes

1. See Appendix for discussion of caveats to defining and measuring faculty productivity.
2. "Classroom contact hours" are the number of hours spent teaching group instruction courses. "Student contact hours" are the number of hours spent teaching group instruction courses multiplied by the numbers of students in those courses.

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Appendix: Some Caveats to Defining and Measuring Faculty Productivity

At its most aggregate level, *productivity* refers to the measure of output per unit of input. In the classic economic sense, the basic inputs to production are *land, labor,* and *capital.* Outputs, of course, are the items being produced. In industrial settings, productivity is relatively easy to define and measure. One need only to take a selected output for a firm and divide by the input of choice (e.g., per worker). For institutions of higher education, however, "outcomes are diffuse, and difficult to measure" (Mingle and Lenth 1989, p. 13).

There are various reasons why the definition and measurement of productivity in higher education is challenging to say the least.[1] One reason is related to the types of higher education inputs and outputs. Hopkins (1990) points out that for institutions of higher education there are both *tangible* and *intangible* inputs and outputs. Tangible inputs include such things as the number of new students, faculty time and effort, library holdings, and equipment. Intangible inputs include the quality of new students, the quality of the faculty, and so on. Tangible outputs include student enrollment in courses, the number of degrees awarded, and the number of scholarly works produced by the faculty. Intangible outputs include the quality of instruction provided in courses, the knowledge gained by students over their college career, and the quality of faculty scholarship. Hopkins notes that "all efforts to date at specifying and estimating the higher education production function have provided only partial results" (1990, p. 13). Thus, while we may be able to identify certain inputs and outputs in higher education (i.e., the "tangible"), capturing productivity in its entirety is unlikely at this point.

Another one of the challenges in defining and measuring productivity in higher education is that the primary activities of most institutions of higher education (instruction, research, and service) are often jointly produced by faculty. Thus, evaluating one specific aspect of production (e.g., undergraduate instruction) without controlling for the other aspects engaged in by the faculty provides an inaccurate picture. Further, increasing the production of one of these activities may come at the expense of another. For example, increasing faculty productivity in undergraduate education may result in decreased productivity in graduate education and research activities. Gilmore and To (1992) found in their analysis that there was a tradeoff between teaching productivity and research productivity.[2]

Weaknesses of past productivity analyses. Traditional ways of analyzing faculty productivity have a number of drawbacks. A significant drawback, as noted by Hopkins (1990) and others, is the failure of most studies to account for "quality" in quantifying both inputs and outputs. Measuring the hours spent in a classroom or the number of journal articles produced tells us little about the quality of instruction provided or the quality of the scholarship. Unfortunately, while many have attempted to develop theoretical frameworks incorporating these "intangible" aspects of academic productivity, there have been no empirical studies (Gilmore and To 1992).

A related but more minor flaw has been the misrepresentation of certain inputs as "productivity" measures. For example, while we included such studies in our previous discussion of productivity, it is conceptually inaccurate to equate "workload" with productivity. The time spent by faculty in their various activities is only an input and does not reflect any outcome. Thus, workload studies should be viewed in the context of specific outcomes in those activities if one is truly attempting to measure productivity.

Another flaw, related to measures of instructional productivity is the fact that such measures as average classroom contact hours do not account for the time spent by faculty in preparing for that class, time spent with students outside of the classroom, or other instruction-related activities.

Notes

1. In this context, the term "productivity" refers to academic productivity only (i.e., faculty). Productivity in other aspects of higher education (e.g., administrative) is not addressed here.
2. Some economists have hypothesized that if the production of one service supports another, then the joint production of each may be more efficient than producing each one separately—"economies of scope" (Halstead 1991). Brinkman (1990) notes that there have been few studies of this issue, although there is some evidence that economies of scope do exist for instruction and research.

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State Postsecondary Review Entities: One Step Forward and Two Steps Back in State-Federal Relationships?

CHERYL D. LOVELL

Introduction

As part of the 1992 Reauthorization of the Higher Education Act of 1965 (HEA), congressional leadership sought to control the aggressive abuses of Title IV student financial aid programs by creating the State Postsecondary Review Entity Program (SPRE). This new program was designed to aid the federal government in its oversight of postsecondary educational institutions that participate in Title IV programs so as to provide a mechanism for review and intervention at the state level. The intent was to have states share a greater responsibility in monitoring institutions since they were considered to be "closer" to the institutions and better positioned to respond to actual or potential problems among the institutions within their borders.

After little more than two years in existence the funding for SPRE was rescinded in July 1995 and implementation and continuation of the program officially was halted September 30, 1995. To some it was considered to be one of the more controversial pieces of legislation involving the postsecondary community and many efforts were undertaken to dismantle the program at its inception. On the other hand, some saw SPRE as an effective tool to combat abuses of Title IV programs. How the states responded to this new federal program, what was accomplished by the creation of a national network, and what was learned from this state-federal experiment are significant questions to be addressed. This essay will attempt to explore these questions and to offer principles of good practice that should be adopted before any future efforts involving the states and the federal government are considered.

Historical Context

Federal interest in increasing the states' role in monitoring postsecondary institutions reached a pinnacle during the 1990 hearings of the Permanent Oversight Committee, chaired by Senator Sam Nunn (D-GA). These hearings highlighted scores of abuses and misuses of federal student aid programs and provided convincing evidence of the necessity to enhance the integrity of Title IV aid programs (U.S. Congress 1990a). A review of the hearing transcripts reveals a common theme, that of congressional interest in the absence of any state role or involvement with the institutions regarding participation in Title IV programs. Over and over Senators asked institutional representatives how their state postsecondary leaders involved themselves or were aware of institution practices that were often in violation of the rules and regulations for participation in Title IV programs (U.S. Congress 1990b). The lack of a formal state role and the continuing concern by Senators clearly seemed to set the stage for greater state responsibility in monitoring institutions.

The SPRE law was supported and passed by both the House and Senate with bipartisan cooperation. Representative Goodling (R-PA) and Senator Kassebaum (R-KS) led their respective chambers to accept the increased role of the state. Specifically, the SPRE law authorized the Secretary of Education to request each governor to designate an entity that would serve as the SPRE for the state (U.S. Congress 1992a). The states' role was to review institutions that were identified or "triggered" by a set of legislative criteria and to establish a complaint system whereby the state would receive and respond to complaints regarding Title IV issues (U.S. Congress 1992b). The legislation also allowed for a state to request that the Secretary of Education refer a particular institution for review if the state believed there was potential or alleged abuse of Title IV funds. Each state was to develop a set of standards, in conjunction with the institutions, for use in reviewing triggered institutions. The SPRE was required to submit the standards to the U.S. Department of Education for review and approval. The SPRE entity was designed to strengthen the existing "program integrity triad"—composed of the federal government, the states and the accrediting agencies—by increasing each member's responsibilities to enhance the oversight and monitoring of institutions.

National Network Organized

In accordance with the new law, states had discretion as to the agency that would perform the SPRE functions. Almost all states designated an existing postsecondary agency, most commonly the state higher education agency (State Higher Education Executive Officer or SHEEO). Approximately 80% of the SPREs were SHEEOs. The SHEEO agencies in each state are primarily responsible for coordinating postsecondary roles and responsibilities; however, not all SHEEOs have comprehensive statewide coordinating or governing roles. The SHEEO agencies, already organized and part of a national membership organization, convened to learn how states were planning to respond to this new federal program. In February 1994, SHEEO hosted a national meeting of all SPRE entities, as well as representatives from the U.S., Department of Education, congressional staff and several higher education associations. The focus of this initial meeting was to identify potential state strategies for responding to the law, as well as to better understand congressional and Department of Education rationale in establishing the law and writing the regulations.

State SPRE coordinators—SHEEO members and non-members—expressed interest in forming a national association to coordinate communication and provide training and development to all SPRE staff. In response, SHEEO offered to coordinate this effort and organized a SHEEO/SPRE Technical Assistance Network in May 1994. Each SPRE agency agreed to pay to SHEEO a small portion of their federal allocation for this program for expenses relating to staffing this national network. With support from a part-time Network director and an advisory committee, the Network began to assist member SPRES.

The Technical Assistance Network held several regional training sessions around the country during the summer of 1994 to assist SPREs in better understanding the law, exploring potential methods for setting state standards and collecting necessary data to comply with the law. A key function of the Network was to provide *Update Memos* once a month to keep state SPRE staff informed of national issues and federal activities relating to the program. In October 1994 the Network sponsored a national meeting to further educate and inform SPRE staff on a host of matters related to the law. A major topic of that conference was the relationship of SPRE regulations to other existing federal regulations and key federal issues (e.g., Student Right to Know, Civil Rights Fordice case, IPEDS definitions, and National Occupational Information

Classification Coordination). By the end of 1994 just under 20 states had submitted their state standards for departmental review; however, no state had received any formal clearance on standards (although three states were close to receiving the Secretary's approval).

The Network continued its support of state SPRE staff with a full-time director now part of the SHEEO staff. The focus of the 1995 Network activities shifted toward helping the states prepare for conducting reviews, as most states were well through the standard-setting process by early 1995. Two important documents were published by the Network in January 1995: *Developing Quantitative Performance Standards for SPRE Reviews: A Technical Assistance Primer* and *Status Report on the Implementation of the SPRE Program: A Report of the SHEEO/SPRE Technical Assistance Network Advisory Committee.* The *Primer* provided guidance on how states might comply in setting up their required quantitative standards, and probed potential pitfalls to various methodological considerations. The *Status Report* provided an overview of the guiding principles for the SPRE program as developed in the states and an insightful discussion on sensitive points regarding the SPRE roles and expectations.

Intensive training programs were sponsored by the Network and the U.S. Department of Education during the spring of 1995. Two key topics for these national training sessions included how to conduct institutional reviews and how to work with review teams. Both SPRE state staff and Department staff conducted two three-day training sessions in Atlanta and Denver. Continuing national conversations were helpful to states in order to better understand plans of other states and the current political climate regarding SPRE.

By the end of spring 1995, it was becoming clear that congressional support for SPRE funding was not high and that the 1995–96 appropriation would be rescinded. Opposition to SPRE sprang from the new emphasis to cut government and the perceived threat to institutional autonomy. In July 1995 President Clinton signed the rescission package that eliminated funding for SPRE, along with several other educational programs. The Network officially continued through September 1995 with most efforts spent on keeping member SPREs up to date with guidelines on the close-out of a federal program.

What Did the Network Accomplish?

Several positive results can be attributed to the formation of the SHEEO/SPRE Technical Assistance Network. In addition to the above noted activities and accomplishments of the Network, there were other gains, including better understanding and knowledge of the SPRE law; deeper understanding and appreciation for other federal regulations regarding Title IV participation; better understanding of the other Triad members' roles and responsibilities; more sophisticated state standards as a result of training sessions; more uniform understanding and application of the SPRE rules and regulations; and better communication among and between the states. Some of these points are discussed in greater detail below as they are important to focus on as overall lessons learned.

Perhaps the most noted outcome of the SPRE program was the significant increase in communication taking place in states for the first time among *all* members of the postsecondary community: public, independent and proprietary (for-profit) institutions. SPRE staff indicated this program brought each postsecondary member to the table unlike any other issue. Most state higher education agencies do not represent all sectors of the postsecondary community, thus opportunities for true statewide participation are frequently lacking. However, the SPRE program provided the opportunity for representatives from each sector to engage in a statewide conversation. These discussions often led to more important state conversations related to the larger issues of consumer protection and institutional licensing. It would be useful to explore if states have been able to sustain these important conversations regarding the broader issues of protecting the citizens of the state and upholding state laws for educational consumer protection.

What Have We Learned and Where Do We Go from Here?

Lessons learned seem to be grouped into two separate categories: structural/organizational and substantive/content.

Structural and Organizational Lessons Learned

1. *Relationship development is important.* The SPRE legislation thrust upon the post-secondary community a new entity (or an existing one with expanded duties and responsibilities) that was to immediately put into place a very complicated and elaborate set of practices that would change the scope of the existing agency, and by definition redefine its relationships with its current constituents. Such a new major focus cannot be created overnight at any level—local, state, or federal—and be expected to have the trust and respect of its community. Trust and respect are necessary ingredients to a successful relationship and a better attempt to include institutional and state agencies, representatives earlier in the process would have enhanced the relationship-building process.
2. *One size does not fit all nor does one size fit most.* Painting all institutions with the same broad policy stroke did not work. All institutions are not alike, nor are seemingly similar kinds of institutions really the same. To establish a program that assumes all institutions have some problems administering Title IV programs sets a very negative stance. Operationally, the SPRE program conveyed the message that an institution with high endowments and high tuition has the same propensity to abuse or misuse Title IV funds as a mom-and-pop dog grooming school with a one-room store-front operation. To communicate this message is not sound public policy. While the discretion for differences in setting state standards was built into the program and some states took advantage of this flexibility by setting different standards for different kinds of institutions, the perception of the entire law and its purposes was seen by many as *all* institutions were somehow on the edge of committing fraud and abuse. To some a negative tone was set.
3. *Micro-management does not work and the main focus should be on "what" not "how."* For many SPREs, the leadership provided by the Department of Education tended to come in the form of "how" this program should be implemented and less on "what" the program was about. A higher level of leadership focusing on broad policy or legislative perspectives would have been more helpful than emphasis on procedural issues. A prime example was the requirement that states submit lists of institutions that participated in statewide discussions. As a way to meet this requirement, some states provided copies of "attendance sheets" where institutional representatives signed in during various meetings. While one might argue the importance of this paper-processing trail, the larger issues often were not addressed by the preoccupation and obligation to track less-significant details.

In addition, states requested clarifications on specific regulations that were never addressed by the Department. Some states pressed the Department for more consistent internal departmental interpretations but to no avail. A more helpful exchange of information that would have focused on the broad substantive issues of "what" should be accomplished by the SPRE program would have been welcomed.

Substantive/Content Lessons Learned

1. *No one likes "bad apples."* It became clear early in the implementation process that some individuals thought SPRE was an institutional sector issue. Many believed only the

proprietary, for-profit institutions were heavily involved in abusing Title IV funding. Some individuals also expressed views that all proprietary institutions were guilty of Title IV abuses, either by acts of commission, omission or merely by sector association. Concomitantly, many proprietary institutions were equally concerned about being identified as the "problem" and were actively invested in working with the public and private independent institutions in their states to address issues of abuse and misuse of Title IV funds.

In fact, many SPREs found that proprietary institutions wanted higher quantitative standards. For example, most proprietary institutions already can demonstrate graduation and completion rates that far exceed those of most community colleges or major research universities. And they can empirically demonstrate a placement rate that would make almost any other institution—public or private, large or small, baccalaureate degree-granting or associate degree-granting—pale in statistical comparison. These facts helped many to understand that this was not only a sector problem; by some indicators the proprietary institutions were out-performing other types of institutions. Even those within the sector were equally concerned with closing and addressing the problems created by "bad" institutions.

2. *Consumer protection is a state responsibility.* With the passage of the 1992 Reauthorization of the Higher Education Act and the creation of the SPRE program, one might conclude the responsibility for protecting citizens and providing educational consumer protection rests equally with all members of the Triad as they each have additional and overlapping monitoring and oversight roles. However, a recent decision of the U.S. District Court for Arizona indicated that federal regulations "do not create a duty on the part of accrediting agencies" such that they could be enjoined in an existing lawsuit by plaintiff students who alleged educational negligence *(Keams et al. v. Tempe Technical Institute).* So who is responsible for providing consumer protection? This recent court interpretation would promote states to become sole gamers of educational consumer protection, serving as the immediate and primary defenders of its citizens. This responsibility exists with or without Title IV oversight responsibilities included in the SPRE legislation and with or without new federal interventions. States already play a vital role in this effort as many have other state functions, such as program approval or program review, in which attempts are made to ensure program quality and integrity.
3. *States need to enhance institutional licensing.* The first step for an educational institution to become eligible to receive Title IV funds is to gain state licensure, followed by institutional accreditation by an approved accreditor. A 1990 study of state licensing laws conducted by SHEEO found that licensing functions and criteria to gain a license vary tremendously across the country (SHEEO 1991). Many SPREs indicated as recently as May 1995 that licensing laws continue to vary and often are extremely weak in some states. If the Triad is to function properly, the initial phase involving state licensure should be reevaluated and enhanced to ensure that only strong educational institutions are licensed and remain eligible for Title IV funds.

Most state leaders have taken a "wait and see" attitude as far as future involvement with the federal government (SHEEO 1995 Annual Meeting). Many SHEEOs and SPREs felt betrayed and frustrated by the lack of federal guidance and leadership in implementing the changes of the 1992 Reauthorization of the Higher Education Act. States reluctantly accepted the additional SPRE functions while purposefully working to minimize any fraud and abuse of Title IV programs by institutions. What seemed to be a positive step forward for many states regarding state-federal relationships clearly became a disappointment, with lack of trust and confidence in the Department's abilities to implement congressional legislation.

Principles of Good Practice in State-Federal Relationships

What needs to happen in light of the learning experiences provided by SPRE? The following principles of good practice in state-federal relations are suggested to enhance the relationship and maximize the efforts of both sides.

1. *Do not lose momentum developed and created by SPRE.* As noted above, many states have indicated positive outcomes from the conversations that were initiated among all sectors of the postsecondary community. For the first time all the players came to the table to discuss the same issues. It would seem logical and in the best interest of the postsecondary community to capitalize on these conversations by providing incentives for them to continue. There is still interest on Capitol Hill in providing greater oversight of Title IV funds as evidenced by Senator Nunn's July 1995 hearings on institutional abuses and misuse of funds. Further interest in institutional responsibility to students receiving Title IV funds was demonstrated in Senator Kassebaum's introduction of SB1357 that would have required institutions to pay the U.S. Department of Education two percent of total loan volume. This was one of many proposals included in the 1995 Senate budget reconciliation bill aimed at lowering federal costs. Interest in SPRE-like functions that focus on reducing fraud and abuse of Title IV funds are still important. It would be useful to revisit these functions and capitalize on positive ground gained.
2. *Do not reinvent the wheel.* An important principle for guiding state-federal relations is to focus on what has been learned and accomplished through this program and not start over as though the collective memory of the postsecondary community has lapsed. A specific area rich with information and learning experiences is state standards and institutional review processes. Almost all states submitted their standards to the U.S. Department of Education prior to the rescission of SPRE funding, thus much of the intellectual work and consensus building on institutional review criteria and qualitative and quantitative standards has been completed. If an institution is abusing Title IV funds, states know how to initiate a review and how to involve institutional administrators. Several states have elaborate plans on how to establish statewide consumer complaint systems and states know well how to work with regional and national accreditors. It is imperative that future state-federal relations involving the postsecondary community begin with this rich knowledge base.
3. *Recognize complex state systems.* In most cases, one state entity does not represent all postsecondary sectors (McGuinness, Epper, Arredondo 1994). Some state higher education agencies or the designated SPRE entity had responsibilities for all public colleges and universities; some had responsibilities for only a single higher education system; many did not have any regulatory responsibilities for proprietary institutions; and some had limited responsibilities for private, independent institutions in their states. It is important to recognize these varying responsibilities and to acknowledge these differences for enhanced state-federal relations. A broader set of players should be included in state-federal postsecondary discussions for maximum representation. Indeed, as new gatekeeping procedures are considered, the Department of Education has begun to understand and officially acknowledge that not all institutions are alike (U.S. Department of Education 1995). Not all states will be able to respond to federal postsecondary initiatives in the same manner. Future state-federal activities should acknowledge the multiple and complex state structures.
4. *Focus on the problem, not the symptom.* A final principle to enhance state-federal relations is to keep the focus on the actual problem(s) and not the signs or symptoms. Is the real problem concern over escalating costs of higher education or is it the concern about the increasing number of students who rely on federal loans to subsidize their postsecondary education? Or is the real problem concern about students who are not able

to obtain employment after program completion? It is of paramount importance that the primary issues be identified first and that subsequent policy decisions be made regarding those issues and not tangentially related signs or manifestations of the real problem. A continuation of ad hoc approaches that address only parts of the problem will never completely solve the fundamental problem. Without a concise, straight-forward statement of the dilemma, future state-federal initiatives and relations will be undermined.

Summary Comments

Future state-federal relations pertaining to the postsecondary community should reflect on the SPRE program and what has been learned from it—both positive and negative. Strong leadership emphasizing broad policy considerations is needed for effective state-federal relations, from both the state and federal representatives. More focus on non-regulatory incentives to enhance educational quality and ensure appropriate, educational preparation is necessary. It is impossible to determine if the SPRE program was successful in that it was never fully implemented. Valuable information about what can work in state-federal relations was obtained during this recent experiment. Future initiatives, however, will be the final determinant if this particular program was indeed one step forward and two steps backward in state-federal postsecondary education relations.

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A Model for Successful Restructuring

AIMS C. MCGUINNESS, JR.

Debates about centralization versus decentralization and the impact of central control on campus autonomy are as old as higher education itself. The United States has seen a half-century movement toward more and more elaborate structures beyond the single public college or university campus. Writing in 1991, Clark Kerr noted that "the freestanding campus with its own board, its one and only president, its identifiable alumni, its faculty and student body, all in a single location with no coordinating council above it, is now the exception whereas in 1945 it was the rule" (p. 257). At that time, 40 percent of all students attended schools that were parts of multicampus institutions (Kerr, 1971). By 1994, that proportion had increased to 65 percent.

Only in the past decade, however, have serious proposals been advanced for reversing this trend. Again, it was Clark Kerr, Writing in 1984 about the condition of the presidency of American colleges and universities, who identified the multicampus system as one of the "sore points in American higher education; a few systems seem to exist on the verge of explosion" (Commission on Strengthening Presidential Leadership, 1984, p. 71). He identified the tendency of systems not to appoint and support strong campus leaders, ambiguities in responsibilities of campus and system chief executives, and ineffective performance of both system boards and their chief executives. He elaborated on these concerns in a subsequent study of governing boards (Kerr and Gade, 1989).

The intent of this chapter is to make a realistic assessment of the future of multicampus systems and to provide a concrete example of how systems might change to meet the demands of the next decade. The underlying point is that systems are likely to be more, rather than less, a feature of American higher education a decade from now. If this is true, the relevant issue is not the abstract question of whether systems should exist but rather how systems should be designed and structured so that they stimulate, support, and sustain an outstanding, highly diverse, and responsive higher education enterprise.

Perspectives on Systems

What is emerging is a debate with at least three perspectives, each moving in a different direction.

Defense of Systems and Practical Suggestions for Improvement

Several respected leaders are emphasizing that systems are likely to continue to be a dominant dimension of the American higher education landscape and therefore focus on practical ideas about "what works" in system organization and leadership. Examples include a report by D. Bruce Johnstone, former chancellor of the State University of New York, titled *Central Admini-*

strations of Public Multicampus College and University Systems (1992); a report for the American Association of State Colleges and Universities titled *Shared Visions of Public Higher Education Governance: Structures and Leadership Styles That Work* (Schick, Novak, Norton, and Elam, 1992); and a report by Marian L. Gade for the Association of Governing Boards, *Four Multicampus System: Some Policies and Practices That Work* (1993). Though each of these authors would acknowledge the need for periodic evaluation and change, none argues for fundamental restructuring of multicampus systems (Johnstone, 1994).

Calls for Reinventing Government

Political leaders at the state and federal level are using the rhetoric of "reinventing government," "restructuring," or "reengineering" to suggest that large, bureaucratic, hierarchical systems such as multicampus universities should be undertaking major changes to increase flexibility and responsiveness to external demands and constraints. Commentaries from outside higher education, such as David Osborne and Ted Gaebler's *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector* (1992), are used to bolster these arguments. Although higher education systems may be implementing changes that reflect this thinking (primarily spurred by severe economic conditions), none appears to be applying them in a comprehensive manner. Only a few attempts have been made to think through how these ideas might be applied to radically different conceptions of higher education systems (see Armajani, Heydinger, and Hutchinson, 1994).

Suggestions for Elimination or Restructuring

This perspective is best illustrated by the recent challenge by Patrick M. Callan, director of the California Higher Education Policy Center. Callan's perspective is shaped by what he perceives as a lack of appropriate response to the state's economic realities of the two large public systems: the University of California, with eight campuses, and the California State University, with twenty-three campuses. In a recent article, Callan called systems "vestiges of past and possibly obsolete models and concepts. . . . Governing and coordinating structures and processes will either change with their social environment or become redundant" (1994, p. 17). He then continued by listing six questions about systems:

1. Are multicampus systems the product of earlier organizational models that relied, quite reasonably at the time, on economies of scale, centralization, standardization, and process-oriented accountability?
2. What are the real costs of multicampus system governance—not just central staff salaries and support, but also the costs to the campuses in such systems?
3. How effective are multicampus systems against undue political intervention?
4. Have multicampus systems been successful advocates for their campuses?
5. Have multicampus systems strengthened or weakened campus leadership?
6. Does the multicampus system of governance endanger the role of lay governance? [pp. 18–19].

Recent analysis of the role of systems in improving undergraduate education found a number of systems that are severely constrained by sheer size and the inertia that comes with the accumulation of policies and procedures over the decades. Not all of these constraints were identified in the policies and practices within the systems themselves. Many were embedded in policies of state governments outside the systems (McGuinness, 1994). Five common problems emerge most clearly from among those identified.

One problem is that systems are driven by inwardly directed faculty priorities related to disciplines and professions and defined in terms of resource needs and constraints. Such agendas were perceived as disconnected from the broader economic and social forces affecting the states in which the systems were located. Systems tended to push aside basic questions such as access and affordability that were on the public's mind as they were preoccupied with internal demands to maintain quality by reducing workload and increasing student tuition and fees.

A second problem is one of systems' failing to reinforce mission differentiation among the system campuses in financing policies, policies on faculty promotion and tenure, and incentives for undergraduate teaching.

The tendency of systems and external state government policies to become "one size fits all" solutions is a third problem. Such an approach inevitably imposes the values of research and disciplinary focus on campuses where undergraduate teaching is the primary mission.

Fourth, faculty pressures for "shared governance" that tend to elevate campus issues to the system level pose problems. As a result, the system-level consultative, consensus-building processes tend to impose the values of one unit on another. In many systems, intractable issues involving collective bargaining constitute significant barriers to differentiation and decentralization.

A final common problem is one of systems' lacking clear definitions of the roles that they could play in reinforcing campus initiatives on undergraduate education. Examples include promoting mission differentiation, providing special financial incentives, convening systemwide faculty development functions, providing technical assistance on assessment and other topics, and advancing the use of technology in both educational and services and administrative arenas (McGuinness, 1994).

In contrast to some of the complicated and esoteric schemes for "restructuring" and "reinventing" systems, political leaders seem poised to slash centralized structures to respond to the public's demands for smaller government. This is a core message from the 1994 midterm congressional elections. It is a worldwide phenomenon. In 1992, a newly elected conservative government in Sweden eliminated the nation's highly centralized higher education policy structure. The changes decentralized university governance and streamlined financing and accountability policies (Swedish Ministry of Education and Science, 1992). Even with the return of the Social Democrats to power in 1994, many of these changes will be retained. In a strikingly similar move, New Jersey Governor Christine Todd Whitman in 1994 eliminated the State Board of Higher Education and the Department of Higher Education, decentralized institutional governance, and established a new, much smaller state planning and coordinating structure.

Systems: A Likely Continuing Feature of the Higher Education Landscape

In all likelihood, time will prove wrong both observers who are predicting only marginal change and those who are advocating that systems be "blown up." Despite all the challenges and a few successful, radical changes, multicampus systems are likely to be even more a characteristic of American public higher education in 2015 as they are in 1995. What will change most dramatically is what constitutes a "system"; changes will be made in how systems are led and how they function, both internally and in relationship to multiple external stakeholders.

Intractable Centralizing Forces

There are four essentially negative reasons why systems will be exceptionally difficult to eliminate and, in fact, may be even more in demand in the next decade.

1. *States will continue to turn to systems as means to manage regional economic and political imbalance and to sustain political coalitions.* Beyond questions of sound education policy, three realities lie behind the development of systems and statewide coordinating agencies. First, the politics of virtually every American state is dominated by regional struggles as some areas decline and others grow in political and economic strength. In some cases, these disparities are complicated by dimensions of race, ethnicity, and wealth. The second reality is that regions (or other significant economic and political blocs) inevitably see colleges and universities as the keys to economic standing, prestige, and political influence. And third, multicampus systems were often constructed purposely to create coalitions among regions in order to compete in the state political process.

The interplay of these three realities lies behind virtually every multicampus or consolidated system. Much of this can be traced to the location of land-grant universities in rural areas, reflecting the agricultural focus of the economy in the late nineteenth century, whereas the major developments in the twentieth century have been in urban centers. As new urban areas developed (among them Portland, Oregon, and Portland, Maine; Los Angeles, Las Vegas, Denver, and Miami; Chicago, Springfield, and other Illinois urban centers; Miami and South Florida), appeals were made for new branch campuses, new engineering programs, new high-cost graduate and professional programs, and inevitably, freestanding "university campus" status. Rather than see competing universities develop in these centers, the older institutions reached out—first with extension centers, later with branch campuses, and finally with largely autonomous university campuses. From a political perspective, the ability of the older institutions to sustain state support depended on their ability to develop political coalitions across the state, especially in the major urban centers.

In the 1960s, during the "golden years" of expansion of public higher education, governors and legislators, frustrated either by the political fallout from these battles or by their inability to say no to growing areas, turned to statewide coordination and consolidated governance to, achieve what many observers characterize as "more rational allocation of public resources." Only in rare cases did these entities prevent development of new or expanded higher education programs. In the best of circumstances, they contributed to more orderly development and a better match of new initiatives to state and regional educational and economic needs. In other cases, they amounted to little more than what Texas Higher Education Commissioner Kenneth Ashworth once called "speed bumps" on the road to the inevitable.

Even after the dramatic expansion of the 1960s, regional conflicts continued to dominate higher education policy debates throughout the nation as regions of growth and decline continued to shift. One can trace virtually every state controversy related to higher education governance over the past twenty years to these shifts and the resulting competition for new higher education institutions or programs. In fact, pressures for centralization—that is, for stronger statewide coordination or consolidated governance can be related directly to the degree of imbalance among a state's major economic centers in their access to higher education. In most instances, this means access within commuting distance of a public institution with "university status" and graduate and professional programs and, almost always, engineering programs.

A few states have achieved this balance or equilibrium, but often by largely uncoordinated developments over the past quarter century in every urban center. They now face the challenge of higher education systems that are top-heavy in high-cost programs and largely beyond the reach of statewide efforts at "rationalization." But a surprising number of states still face the classic pressures from growing urban centers.

In a broader sense, the issue is not simply among regions but among elements within a state's population who vary in their access to the educational and economic benefits that colleges and universities offer. This point is most graphically illustrated by the political and legal struggles of the Hispanic population to gain greater state support for higher education in South Texas and in the continuing legal battles regarding desegregation and the role of historically black universities in southeastern states.

It is with these realities as background that one must consider the consequences of breaking up multicampus systems. Theoretically, it may be desirable for each campus to have its own governing board or, going one step further, to be freed from a system and given autonomous status. But if this will mean that long-standing regional political and economic balances will be upset and new regional battles will erupt in state capitals, governors and state legislators can be expected to demand that central coordinating and governing authority be reasserted.

As a corollary to this point, it may be in those states that are now "built-out"—already having developed university centers in each major urban center and achieved a degree of equilibrium among these centers in the state's political process—that decentralization can be tolerated.

A more likely reality is that the multicampus or consolidated system configurations formed to deal with regional conflicts or political realities a decade or more ago may not fit states' circumstances today. The regional imbalances are different. The coalitions necessary to gain state political and economic support may have shifted. These changes may lead states to reconfigure the institutional compositions of their systems. In other cases, large systems may be subdivided. In any event, changes will be made to maintain a degree of equilibrium among a state's major economic and political centers. It is highly unlikely, then, that systems will be abandoned in favor of freestanding, competing entities.

2. *Legal issues pressure for "shared governance" at the system level, and collective bargaining will make disaggregation of systems exceptionally difficult.* The people seeking the greatest leverage on the system tend to focus their attention on the highest hierarchical point. In virtually all systems, this means the system board and chief executive officer.

The complexity and actual or potential cost of legal issues to individual campuses requires them to seek legal assistance from the system beyond what they can afford. There are few signs across the United States that these pressures for centralization are abating; if anything, they are intensifying.

In a slow yet profound manner, the historic concept of lay governance is being replaced by "representative" governance in the nation's public multicampus systems. Faculty and student expectations for "shared governance" have led a number of systems to elevate to the system level the processes of consultation and consensus building that use to be primarily features of campus governance. Most system boards now have student members serving in at least an ex officio, nonvoting capacity. Fewer systems have faculty as members, but faculty are involved directly in deliberations of board committees. Most systems now consult systemwide faculty and student bodies before taking action on key academic and financing policies. To be effective, this involvement must make clear distinctions between system and campus issues. A blurring of these distinctions will inevitably lead to the values of one or two campuses (usually those with high-prestige research missions) overwhelming those of other campuses (usually those with strong undergraduate or nontraditional missions). It can also have the effect of undercutting incentives and support for effective campus governance.

Faculty collective bargaining, under which the system is the single bargaining unit for all campuses, is now a core feature of many of the nation's multicampus systems. From both the system and the union perspectives, this has advantages. Theoretically, it can provide the framework for negotiating the conditions appropriate to campus differentiation. But in reality, such differentiation is exceptionally difficult to achieve. The pressures are overwhelmingly in favor of equal treatment without regard to important mission differences. Frontal assaults by political leaders on collective bargaining in the name of promoting greater differentiation are more likely to "freeze" centralized and confrontational policies. Nevertheless, in the severe economic conditions of the past few years, not many systems have been able to develop the climate of mutual respect and trust necessary to achieve agreement on greater differentiation and decentralization.

3. *Worldwide pressures are accelerating to merge non-university sectors with university sectors.* Despite concerns about the "drift" of institutional missions away from undergraduate teaching, workforce preparation, and public service, nations—and some American states—are still acting to merge or consolidate university and non-university sectors. Examples include Australia's merger of the colleges of advanced education with the universities beginning in 1988, the Dutch government's move to consolidate smaller vocational institutes to create larger institutions with missions strikingly similar to those of the universities, and the United Kingdom's recent abolition of the binary system through the merger of the funding councils for universities and polytechnics (Goedegebuure, 1994). Ironically, while government leaders often advance these mergers as means to manage great differentiation, the natural bureaucratic processes (extensive consultation and effort devoted to formulating systemwide coordinated, consistent and often unified policies) result in exactly the opposite. In fact, bureaucracy transmits academic values (such as the high-prestige values of the research university) across a system perhaps better than any other means of coordination (Clark, 1983).

4. *In difficult economic times, political leaders can be expected to resort (or revert) to traditional alternatives aimed at increasing expenditure controls, eliminating duplication, and centralizing in an effort to achieve economies of scale.* Despite much talk about "reinventing government," basic state administrative and fiscal control practices change very slowly. Concerns about unnecessary program duplication and administrative costs associated with the operation of highly decentralized services are always high on legislative agendas, especially in difficult economic times. Some academicians might argue the benefits of numerous separately governed public colleges and universities, but from the state government perspective, this may look like an excessively wasteful duplication of administration and dispersion of accountability. As Kerr and Gade observed, "State authorities . . . find it helpful to hold one board and one chief executive officer accountable. They prefer to have to place or receive only one phone call rather than to have to deal with several or many competitive and combative institutions, their representatives, and supporters" (1989, p. 118). This reality is reflected in the perennial proposals for "superboards" in states with comparatively decentralized higher education governance.

Reasons Why Systems May Be Preferred

Beyond these negative reasons for the persistence of systems, there are at least three reasons why systems may be essential for the strength of colleges and universities over the next decade.

1. *Systems may help meet the need for stability continuity and long-term perspective in an increasingly turbulent political environment.* Such trends as term limits, the spread of "direct democracy" through initiatives and referenda, and the kind of anti-incumbent sentiment that transformed legislatures in the November 1994 elections are dramatically changing state-level higher education politics. In times past, public higher education could be confident that a core of state legislators on key committees had a sense of the history and values that should undergird effective relationships between a state and its colleges and universities. Now, as one university official recently commented, communicating with the state legislature will be like "making a speech to a parade." Short time spans for legislative initiatives, often lasting no more than a single budget cycle, have been an increasing problem, and in the future, the pace of change may become even faster and the life of initiatives shorter still. States will enact new initiatives before those enacted in the past legislative session have even been implemented.

Complicating the state role further will be pressures to downsize state agencies, including state higher education bodies. The state agency capacity to undertake long-range planning and careful implementation of new policies will be severely limited.

The arena for policymaking may, in fact, shift away from the state capitol as major changes in state policies for revenue and expenditures affecting higher education are decided through statewide initiatives and referenda. Both this trend and the high rate of legislative turnover will mean a shift in accountability strategies. Attention may move away from traditional bureaucratic accountability to state agencies and legislative committees, broader communication through the statewide media, and more local and personal communication with voters throughout the state.

In these circumstances, multicampus systems may be a critical means to provide for long-term, consistent attention to a public agenda that connects higher education to states' major social and economic challenges, and they may be the only means to develop and implement long-term policies that will stimulate and support institutional responses to these public concerns. Such policy leadership is unlikely from the state agencies that are directly dependent on and accountable to an increasingly unstable state political leadership.

2. *Systems may provide the means to respond to the increasing demands of the clientele for statewide consistency in quality and accessibility of higher education services and in credit transfer.* Students and other clients will increasingly demand common standards and access to university services throughout the state, regardless of the campus that is their primary or initial contact. In an age of branch banking, automated teller machines, the Internet, and a host of other technology-related mechanisms, the public has come to expect the same assurances of quality, accuracy of information, and record transfer, regardless of their physical location. Pressures for hassle-free credit transfer, one of the most enduring sources of legislative annoyance, can be expected to intensify. This will mean that systemwide, consumer-oriented information systems, common policies, and other mechanisms to conform services across the state to the same quality standards will become more important. All these points run directly counter to the traditional higher education value placed on institutional autonomy and mission differentiation. Breaking up systems in ways that will undermine these systemwide client advantages would be directly contrary to what is happening in the rest of the economy and society. Yet multicampus systems that fail to respond to these demands may be replaced by others that do.

3. *In a more market-oriented environment, intense pressures for cost containment and technological advances are likely to Lead to the same kinds of mergers and consolidations now under way in health care.* The age of the freestanding general hospital has long passed. Although the changes in higher education will of course be different, the same pressures are likely to force more systemic thinking about the ways in which colleges and universities can join together to provide higher-quality services at lower cost. Multicampus systems could be the catalysts for these new relationships. But many alliances will be with entities outside the formal confines of current systems: with the private sector, across state and national boundaries, and so on. Systems that are seen as barriers to these changes will be restructured or eliminated. But they will be replaced by other systems. The freestanding institution—especially in the public sector—is likely to be an anomaly.

Principles for Future Systems

Assuming that systems will be a major feature of American higher education in the next century, how might they be designed, led, and managed to counter some of their potentially negative effects?

The following list is certainly not definitive but suggests some of the points that should be considered with respect to existing systems.

1. *The system should have explicit objectives that relate to both external state and societal priorities and internal system priorities.* The system mission should be distinct from, but complementary to, that of the individual campuses. Systems can easily drift into a "middle muddling through" position in which they are neither providing policy and educational leadership

on behalf of the state and broader society nor fostering diverse, well-managed campuses. Both roles are important. Compromising one at the expense of the other will not work.

2. *The system should maintain a distinct balance between its role in representing the public interest to the academy and its role in representing the academy to the public.* In other words, advocacy must be a two-way street. Too many systems become captives of internal constituents and fail to serve as appropriate advocates of society's priorities.

3. *The system should have a legal standing (in the state constitution, if appropriate) that will enable it to provide sustained, consistent, long-term poll leadership in the face of increasing turnover and turbulence in state political leadership.* Whether states grant this independence will depend directly on the extent to which the system demonstrates its commitment to the public agenda and public accountability. In some states, it may be possible to organize the system board and leadership as a public corporation with a legal status independent of state government and with a largely self-sustaining governing board. Having some (perhaps one-third) of the board members appointed by the governor and confirmed by the state senate would ensure that the state's political leadership has a seat at the table. In states in which the public corporation model is not feasible, changing the board membership to two-thirds self-sustaining and one-third governor-appointed might increase stability yet retain an important degree of responsiveness to state leaders' priorities.

4. *The presumption should always be in favor of decentralization to the individual campuses or units.* In other words, the system should have to justify (through periodic external review, if feasible) each of its functions in terms of these kinds of questions:

- Is this a function that cannot be undertaken more effectively and efficiently by the individual campuses?
- Is this a function that addresses system and public interest questions that individual campuses cannot address?
- Does this function add value to the sum of the contribution of the individual campuses?
- In the case of services, is this a service that campuses could not purchase from another source other than the system at lower cost and the same or higher quality?

5. *Before adding a system-level operational or service function, systems should explore all other alternatives.* For example, they might assign system responsibility for the function to one of the campuses (establishing a lead campus), contract out the function to a nonstate entity, or operate the function as an independent, self-sustaining entity that must compete with other potential vendors in terms of the quality, responsiveness, and cost of services to the campuses.

6. *The system should seek to break bureaucratic links between and among campuses and academic units with significantly different missions.* It should challenge the inevitable upward pressure for consultation and consensus building at the system level—especially to the extent that these system processes undercut or undermine consultation, teamwork, and group responsibility at the campus or sub-campus levels. This means that systems should consider at least three alternatives.

One is the creation of campuses as corporate entities separate and distinct from the system but still within the system framework (in other words, perhaps the campuses could be "franchised" by the system).

Another is the centralization of all personnel policy and related decisions to the individual campuses. The key is that the system should seek every means to make units other than the system the final point of appeal. The system, then, can retain an important role in providing legal and technical assistance to the decentralized units but can avoid being encumbered by legal issues that are more appropriately handled at the campus level.

A third option is the decentralization of collective bargaining to the campus level, as it is the campus that is the legal entity responsible for personnel decisions. For the reasons suggested earlier, this may be one of the biggest challenges systems face. They must seek a balance between assurances of fairness and due process across the system's diversity and the need to foster highly differentiated campus communities and cultures. Precipitous actions that devastate trust will freeze centralized structures and policies. Step-by-step changes, negotiated in a climate of trust and respect, are likely to lead to the most productive and most lasting changes.

7. *The system should deliberately foster or create smaller academic units (for five to ten thousand students) whose principal mission is undergraduate education.* Preferably these units should be legally and bureaucratically separated from other system units. It should be the system's role to guard against the inevitable "creep" of intercampus consultative processes that will undermine any unit's distinctiveness.

8. *The system should provide for new pilot or demonstration sites to be established within the system that are separate, and preferably isolated from, other units so as to increase the chances for innovation and improvement.* Again, the emphasis should be on smaller units, legally and bureaucratically separated from other units (especially those with different missions and faculty reward systems).

9. *The system should use financing policy to influence, through incentives and other means, the willingness of institutions to respond to major public priorities and to undertake their own internal renewal and restructuring.* Specifically, systems should reserve approximately 10 percent of the total state appropriation for allocation according to public ends in one or more categories. These might include incentives for each institution to improve performance effectiveness and efficiency in accordance with its mission (for example, matching funding contingent on the institution's identifying savings through internal restructuring); competitive funding to stimulate and support new and more cost-effective delivery systems (freestanding, between and among existing institutions, in collaboration with other entities, public and private, in-state and out-of-state); and incentives for institutions to address state issues through applied research and technology and other means.

10. *The system should consider establishing freestanding, noninstitutionally based assessment centers where students can demonstrate that they have met general education requirements applicable to any baccalaureate degree awarded by an institution in the state.*

11. *The system should retain sufficient authority to use financing policy and other tools to curb unnecessary program duplication, counter mission creep, and resolve inevitable disputes among regions and interest groups.*

12. *The system should be open in the sense that it deliberately fosters collaboration with entities (public and private, in-state and out-of-state) beyond the formal state bounds.* As just suggested, the system should provide financial incentives for institutions to establish these alliances when it is in the public interest to do so.

Illustration of Possible Changes

To provide a sense of realism as to how an existing system might change to meet the principles just outlined, let us examine how a hypothetical state might move from a consolidated multicampus system to a redesigned system (McGuinness, 1992). This case is intended to illustrate some of the changes that states and systems might consider. Such changes must be worked out state by state, taking specific economic, demographic, cultural, and historical circumstances into consideration. Transposing one state's solutions on another's very different problems—a common practice in higher education policy—is a serious error.

Current Situation

The characteristics of the hypothetical state can be described as follows.

Economy and Demography

Enrollment is projected to increase by 10 to 15 percent by 2010 in populations and regions different from current patterns: more urban, more ethnically diverse, and more adult, focused on upgrading and retraining.

Growth in the state economy is projected to be less than 2 percent per year, in a strong anti-tax climate. Demands and mandates in other areas will mean likely declining support for higher education, support that will fail to keep up with currently projected increases in demand and costs.

For both educational and workforce purposes, the state is concerned about the 75 percent of all middle school students who never gain a postsecondary education or training certificate at a time when the number of jobs that do not require this level of education is rapidly declining.

Postsecondary Education System

About 15 percent of enrollment is in the private, nonprofit sector, especially site-bound adults in proprietary programs operated by out-of-state institutions, some of which make extensive use of technology and telecommunications.

All institutions except postsecondary technical institutes are under the central governing authority of a single statewide board. The board was created in the 1970s through the merger of the state land-grant university and its branches, the state comprehensive universities, and the state-funded community colleges. The technical institutes are under the supervision of the state department of education.

The state land-grant university campus is located away from the state's major urban areas.

Two of the other state university campuses are in urban areas and have been seeking additional authority to develop graduate and professional programs, especially in engineering.

In virtually every region, two or three publicly funded institutions are competing to provide less-than-baccalaureate-level occupational programs. These include some of the state universities, state-funded community colleges, public university branch campuses, and state technical institutes. The university system was created in part to solve this problem, but little progress has been made in the past fifteen years.

Governing Structure

The system functions as a single corporate entity.

The state university system board is composed of fifteen members appointed by the governor and confirmed by the senate. A nonvoting student member serves ex officio.

The system chancellor is the chief executive officer. Campus presidents are appointed by the board but report to the board through the chancellor.

Faculty and student members, elected by systemwide councils, serve as members of board committees.

The principal board committees (academic affairs, fiscal affairs, student affairs) are staffed by system vice chancellors who in turn work with systemwide councils of their peer vice presidents.

The chancellor works closely with a statewide council of presidents; few items are placed on the board agenda on which there is not consensus among the presidents.

Reflecting the chancellor's commitment to "shared governance," a systemwide faculty council, elected by the faculty senates of each campus, is extensively involved in policy development and implementation at the system level.

The chancellor and board attempt to project a public image of one university with many units, but each campus functions as a separate academic unit. Faculty receive campus-specific appointments, and promotion and tenure decisions are campus-specific.

Each campus has extensive advisory mechanisms, but the system board has opposed formation of formal campus boards for fear that this would spawn regional conflicts and undermine the system.

Year by year, board agendas and central staff resources are becoming increasingly dominated by legal issues that come to the system board because it is the final legal authority and point of appeal for all campuses.

Financing and Budget Process

All state appropriations are made to the system board and then allocated to individual campuses. Budgets are developed on an incremental basis. The system does not use a formula either for developing the budgets or for allocating state revenue.

Tuition and fee policies as well as per-campus tuition and fees are set at the system level and approved by the board. Rates vary by campus, but the system board has maintained tight control to ensure a degree of Consistency across the system. Campuses may not retain any tuition revenue.

Collective Bargaining

The system has a single statewide bargaining unit. All four-year institution faculty are represented by one union, the community college faculty by another.

In recent years, the faculty unions have been arguing for parity in workloads and salaries among the four-year campuses. Efforts at further differentiation based on mission are strongly opposed.

State Government Culture

There is a strong tradition of detailed procedural controls by state purchasing and personnel departments. These have been relaxed in the past decade, but only to the extent that the university system has been willing to maintain its own central controls.

All legislators who played a role in forming the university system have now left office. In fact, only one-third of the legislators have been in office more than one term. Furthermore, both houses just changed party leadership for the first time in a decade.

Proposed Redesigned System

The newly elected governor, in concert with the university board, announced a major redesign of the statewide leadership, financing, and governance of the state's postsecondary education enterprise. Although some steps are to be taken immediately, the plan is to be carried out over a five-year period. Core elements of the plan call for the following:

- Decentralizing campus or unit governance, with strong emphasis on campus responsibility and accountability for performance and on flexibility and innovation. Deliberate incentives will be included for forming new, competitive, and cost-effective units and delivery systems.

- Redefining the system's responsibilities to emphasize policy leadership on strategic public priorities, public communication, standards and accountability, and financial incentives for institutional renewal, change, new partnerships, and new delivery systems.
- Committing the state to a long-term, strategic investment funding system that will fund higher education at a rate not less than the current base, adjusted annually for the increase in the consumer price index plus an allowance for enrollment growth, and allocate not less than 10 percent of all state appropriations on the basis of strategic investment and performance criteria developed by the new university board.
- Moving toward an open, more market-driven concept of a system that provides incentives for institutions to be more consumer-driven and for the development of alternative, perhaps nonpublic, educational delivery systems. Such a system would also use a state subsidy to enter the market (through the underlying incentives in the financing system) in order to ensure that institutions respond to major public priorities, develop partnerships between formal units within the system and entities outside the system (schools, employers, nonpublic institutions, institutions in other states and nations), and transform accountability from internal bureaucratic reporting to the state to external reporting to the general public, clients, and major system stakeholders.

At the end of a five-year phase-in period, the broad outlines of the system would be as follows:

Campus or Unit Governance

Each campus would be established as a separate public corporate entity distinct from the system. Ownership of all property would be transferred to the campuses. Campuses would have autonomy with respect to all personnel matters, including collective bargaining agreements, letting tuition and fees, and using tuition and fee revenues.

The basic corporate charter and mission of any campus or unit to receive state funding through the new structure, or any change thereto, would be subject to approval of the new system board (to be described shortly). In other words, no campus or unit could be established or change its status without approval of the new system board. As the new system of decentralization is implemented, each campus would submit its proposed corporate charter and mission to the system board for initial approval.

Each campus would have its own lay governing board. Initially, all members would be appointed by the governor and confirmed by the senate. The governor has established an independent nominating commission charged with screening and recommending persons for board appointments. Board members may be from out-of-state. In time, as initial terms expire, two-thirds of each board would be appointed by the board itself on a self-perpetuating basis. One-third would continue to be appointed by the governor. Campus presidents would be appointed by and serve at the pleasure of the campus board.

Each campus would be required to develop and report publicly according to a set of performance indicators. The indicators would include information that is campus-specific and reports on institutional performance on. major public priorities as defined by the system board. Campus performance indicators would be subject to approval by the system board and would serve as the basis for allocating a portion of state funding to the campus.

System Board

The system would be changed from a statewide governing board to a statewide higher education policy and service corporation. To ensure long-term stability and continuity, the new board and its basic charter would be given a legal basis in the state constitution.

The new board and corporation would be explicitly prohibited from governing or operating an educational institution or program, except that the board would have authority to assume governing responsibility for a campus on an emergency basis of no more than two years if the institution fails to meet system performance and accountability requirements. The board would also have the authority to initiate a new campus, program, or educational delivery system on a pilot basis for not more than five years, provided there is an explicit plan to transfer responsibility to a separate corporation by the end of that period.

The system board would be responsible for approval of the basic corporate charters and missions of each campus or unit (or any changes thereto) that would receive state funding through the new system. In other words, under the state constitution, public institutions could be established or their missions changed only if approved by the new system board.

The core mission of the system board would be to develop and maintain a long-term (five- to ten-year) public agenda to link the state's postsecondary education enterprise to the major strategic social, economic, and educational issues of concern to the state. The board would develop and revise the public agenda annually with direct involvement of the governor and legislative leadership.

This agenda would shape the board's public accountability system and would be linked directly to the state funding of higher education. Further, the system would make an annual "state of the system" report to a joint session of the state legislature.

Financing

All state appropriations for higher education, including student assistance, would be made to the system board. The board would develop and recommend to the governor and legislature a single budget and appropriations request for all higher education. This request would be presented in a multi-year format to make the long-term investment and change strategy clear and would be linked directly to the public agenda developed jointly with the governor and the state legislature.

The budget and appropriations request and the subsequent allocation to the system board would have five core elements. First, it would include a base budget adjusted for inflation and workload. Second, it would be funded for targeted enrollment growth linked directly to state priorities defined in the public agenda. Third, it would include special-purpose funding of not less than 10 percent of the total appropriation (excluding capital) for at least three separate purposes: (a) performance funding for each institution allocated on the basis of the extent to which each institution met its own performance expectations and state priorities and keyed to institutional matching based on internal reallocation; (b) competitive funding for two or more institutions to join together (or with other entities such as private institutions or employers) to develop and implement new, more cost-effective delivery systems that would be judged in part on how they related to the system board's public agenda; and (c) incentive or matching funding to encourage institutions offering one- and two-year less-than-baccalaureate programs in the same catchment or geographical area to coordinate program delivery (including merger or consolidation).

The fourth element would be state-funded student grants, with not less than 25 percent of the funding to be allocated on a income-sensitive basis to provide incentives for students to complete either degree requirements or the state's new alternative degree standards expeditiously.

Finally, the request would include a special appropriation for competitive grants to institutions for applied research and technology related to major state priorities.

Each institutional governing board would be fully responsible for tuition and fees related to that unit—with two exceptions. The system board would be authorized to provide incentives through the allocation of state appropriations for institutions to constrain tuition and fee increases and to achieve productivity improvements through internal resource reallocation. In addition, each campus would be required to hold public hearings on proposed increases and report to the public, using comparative data as appropriate, on how tuition increases relate to improvements in the quality of teaching and learning, productivity improvements, indicators of the student population's "ability to pay," and the availability of student financial assistance. These reporting requirements would be set by the system board and subject to its approval.

System Board Structure and Functions

The principal functions (and most likely the principal organizational units) would number at least seven. One would be managing the public agenda, financing policy, and resource allocation. This would comprise the key policy and substantive leadership function of the new entity. The new board's agenda should be focused primarily on these issues.

A second function would be to provide system and institutional public communication, information, and accountability systems. This function would place a high priority on clear, direct communication at every level of the system, in every community, and with all stakeholders about how the system and its units are responding to the needs of individual students, regions, and the state as a whole. Specific tasks would include the review and approval of institutional corporate charters and missions; development and approval of institutional reporting according to performance indicators; and maintenance of essential "system-level" data that emphasize system performance in relation to the state's major education, economic, and societal priorities. In total, this function would contribute to system accountability related to the public. agenda.

A third function would be provision of special-purpose funding designed to stimulate restructuring within existing campuses; collaboration, if not consolidation, leading to new and more effective program delivery between and among campuses or other entities; and the use of technology or other means to develop entirely new delivery systems independent from existing campuses. (This might be organized as a state-level foundation with authority to seek nonpublic funds to supplement state appropriations for these purposes.)

A fourth function would involve the development and implementation of a new state-authorized, competence-based baccalaureate degree program and related independent assessment centers. Through such a program, students would be able to demonstrate at a regional, system-chartered assessment center mastery of required competencies through prior learning, enrollment in state or nonstate institutions, or telecommunicated learning. Degree requirements and related assessments would be developed with extensive involvement of campus faculties. In order that the system would be a viable, competitive force related to on-campus programs, a portion of available student assistance funds would be available to provide support, on an income-sensitive basis, to students seeking to meet degree requirements through this new independent means.

A fifth responsibility of the new system would be to provide statewide student assistance programs. To the maximum extent feasible, the system board should delegate or subcontract out the actual administration of student assistance programs. The system board's focus should be on policies governing the allocation of assistance to students to address major priorities in the public agenda (minority access and achievement, for example), incentives to students for expeditious degree completion, and incentives to institutions to contain tuition and fee increases.

Sixth, the new system should make self-sustaining services available to institutions. Most of the previous system functions related to such areas as legal services, facilities planning, personnel, and payroll should be transferred to a subsidiary service corporation. Campuses should be free to contract with this service corporation or any other entity, depending on which can demonstrate that it can deliver required services at a competitive price. The system board would contract with this service entity for services needed to perform system responsibilities (legal services, for example).

Finally, competitive funding for applied research and technology related directly to major state priorities defined in the public agenda would be offered by the system. As in the case of the incentive funds mentioned earlier, this function could be organized as a state-chartered foundation authorized to seek nonpublic funds to supplement state appropriations.

Implementation

The changes just outlined would be implemented on a phased basis over a five-year period. Absolutely clear from the outset must be the purposes or ends to be served by the changes and the basic principles or values used to guide the means to these ends (for example, focus on public purposes, decentralization, greater reliance on market mechanisms, or sustained commitment of state support for strategic investment).

The first steps would involve gaining public support for the new constitutional board. Developing and phasing in the new funding and accountability systems would follow. Rather than immediately decentralizing the governance of each institution, the new system board might negotiate new charters on a campus-by-campus basis. This would allow necessary planning for the transfer of responsibilities. It would also allow time for delicate negotiations related to the transfer of responsibilities for issues such as collective bargaining.

As suggested earlier, precipitous change that undermines trust and freezes confrontational relationships will make decentralization difficult, if not impossible. It may be that systems with collective bargaining have more of a chance of developing these changes than those without this formal framework. The keys are most likely a systemwide framework to ensure fairness and protection of basic rights to due process, faculty leadership that recognizes and supports the benefits for faculty culture and working conditions that could result from a more decentralized system, and a high level of trust among faculty, campus, and system leaders. If these conditions are not met, decentralization will occur under confrontational circumstances, with long-term negative consequences. It is in the interest of all concerned—faculty, campus presidents, and systems—to avoid this "ultimate" alternative.

Conclusion

The forces that led to establishment of multicampus systems over the past century remain strong. Despite the moves toward decentralization in corporations and government, the pressures for centralization within higher education are likely to continue. Given these realities, the challenge is to shape new modes of state and system leadership that will counter the potentially negative consequences of large, bureaucratic entities. Some theorists may argue that multicampus systems should be dismantled—or "blown up. Those who make such proposals may be ignoring some of the practical reasons why systems were formed. They may also not be considering the important, positive roles that well-designed and well-led systems can play in an increasingly turbulent political and economic environment. I hope in this chapter to have found a middle road between those who would preserve the status quo and those who would blow things up. The principles and illustrations presented are intended not to be copied but rather to stimulate thinking about constructive alternatives for the future.

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Postsecondary Education and the New Workforce

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Foreword

The passing of the industrial age and the coming of the information age have created extraordinary changes in the economy and sometimes disruptive changes to the nation's workforce. For many Americans, the nature of work has changed, and with it, the skills and knowledge needed to be successful in the workplace. And there is growing recognition that education and training are inextricably linked to employment opportunities and economic well-being.

A skilled, educated and motivated workforce is the essential ingredient for building and maintaining strongly competitive state and national economies. Without such a workforce, our security is seriously threatened. For the past decade, leaders in business, government, education, and labor have expressed concerns about the flagging skills and abilities of American workers. As a result, nearly every state has included education and training, sometimes called a "workforce development component," in its economic development plans.

The purpose of this report is to provide a framework for state-level policy and planning related to postsecondary education's role in workforce development. At the foundation is a set of principles and priorities designed to reflect as well as shape current state policy agendas. Taken collectively, the principles and priorities represent a statement of state postsecondary education leadership and commitment to workforce development. Taken separately, each statement reflects a specific objective designed to advance the call for state leadership; encourage a "common language" that will bring higher education more centrally into workforce development discussions; help policymakers and educators focus on the needs of learners; and promote cooperation and coordination among education sectors, employers and local, state and federal government entities.

Strengthening the connection between postsecondary education and workforce preparation has long been one of SHEEO's highest priorities. In 1992, in *Building a Quality Workforce: An Agenda for Postsecondary Education,* SHEEO urged its members to develop partnerships with other education leaders to prepare and retrain their states' workforces. In 1995, SHEEO commissioned the report *Enhancing the Connection between Higher Education and the Workplace: A Survey of Employers* by Carl Van Horn. And, in 1996 SHEEO published *The Roles of Postsecondary Education in Workforce Development: Challenges for State Policy* by Robert A. Wallhaus. Both documents focused on the current economic climate driving the need for higher education to play a leadership role in statewide workforce preparation systems. Much of this report's content is synthesized from the collective wisdom and best thinking of leaders in higher education, business, industry, and government who joined SHEEO and its co-sponsoring organizations at two recent meetings.

The first meeting was a Wingspread Symposium called Toward More Effective Learning Environments: The Role of Postsecondary Education in Workforce Preparation held February 22–24, 1996 in Racine, Wisconsin. In May 1996 a two-day Western Regional Conference on the Role of Postsecondary Education in Workforce Preparation was held in Denver, Colorado. Appendices A and B provide a list of participants at the Wingspread and Western Conference meetings. The common aim of both was to link postsecondary education to state and national workforce preparation agendas currently being developed across the country.

The foundation for this report is the Statement of Principles and Priorities. It is based on comments made by participants at the Wingspread Symposium and expanded at the Western Conference, and has been used to fuel further workforce development discussions involving community colleges and technical institutes, as well as baccalaureate degree-granting colleges and universities. This report does not endorse a particular set of strategies that states should adopt. Specific strategies need to be based upon each state's existing economic, educational and social conditions. However, we do provide examples to illustrate how broad objectives are realized at the state level. More importantly, this framework provides direction to help state higher education coordinating and governing boards develop an agenda within statewide workforce development systems.

Postsecondary Education's Role in Preparing the New Workforce

A college education is highly valued in our society. Clearly, postsecondary education's vital link to economic security is but one of its benefits; yet for many students, policymakers, and the public it is the single most compelling reason to attend college. There is mounting evidence that educational attainment determines the "haves" and "have nots" in our society. According to current U.S. Census Bureau data, more education means more earnings. And the highest earnings accrue to those persons with education beyond the high school level. Put simply, from an individual's perspective, when it comes to getting and keeping a good job, a college education can make a significant difference.

As skill requirements continue going up across the board, a higher-than-ever premium is placed on education and technical knowledge. There is little doubt that given the current trend, the demand for postsecondary education will continue to rise. To a large extent postsecondary education will be expected to deliver the new workforce. At the same time, colleges and universities themselves are undergoing structural and organizational changes driven by the demands of a changing economy. Like business and industry, the new watch words for postsecondary education include: cost, quality, customer service, accountability, convenience, and choice.

These internal and external forces make a compelling case for colleges and universities to be a more integral part of a workforce development system that is directly responsive to the educational needs of students, employers, and the public. If higher education fails to respond to these challenges, it will face increasing regulation by public authorities and decreasing public and private support. Additionally, competition from the private for-profit sector will likely increase.

Within this changing economic and political environment, colleges and universities must try to accommodate several groups of learner and employer "clients":

- **college-bound high school graduates:** Over 60 percent of high school graduates enroll in postsecondary education following graduation. Recent surveys of college freshmen consistently show that being "able to get a better job" is the number one reason in deciding to go to college.[1]

- **workers needing to retrain or upgrade skills:** Colleges and universities also are being asked to prepare returning students for further education and work. Often these older students want more education but not necessarily a degree. A recent public opinion survey suggested that rapid technological change and new careers mean that people must continually retrain and retool. Getting educated once is not enough in our knowledge-based economy. The survey found that interest in additional education is highest among those who already have college training, and those with college training are the ones who are most often continuing their education in one form or another.[2]
- **unemployed and underemployed workers:** Emerging state strategies will have to address the education and training needs of individuals who currently live in poverty and are either jobless or work for low pay. A great majority of these citizens are under-educated and lack the skills needed for success in the workforce. For the most part, they have had limited opportunities for adult education and job training, and if such training is available, it has tended to be in short-term programs that have not helped under-prepared individuals make successful transitions to the workplace.[3]
- **employers:** Complementing the education and training requirements of learners are the needs of employers for a ready-trained workforce. Recent national and state surveys of employers indicate that they are eager to work with colleges and universities to upgrade the skill levels of entry-level employees, and to provide continuing education and retraining for their current workforces.[4]

Given these facts, why is higher education still at the periphery in discussions about workforce concerns and in the search for solutions? What is postsecondary education's role in addressing workforce needs? What can state higher education leaders do to create an environment that is responsive to what students, employers, policymakers, and the public want from postsecondary education?

Principles and Priorities

The Statement of Principles and Priorities on page 364 was developed by SHEEO to define the leadership role that postsecondary education should play in workforce development in the states. The statement is designed to reflect as well as shape state policy and planning agendas and it is offered here to fulfill two purposes.

On the one hand, the statement, in its entirety, can be considered a tool to help rally commitment to a broader and more learner-focused approach to postsecondary education's role in workforce development systems. It can serve as a conceptual framework and "reminder" that workforce-related issues must be addressed as part of policy deliberations on issues of postsecondary education access, cost, and quality. The state higher education leaders involved in its development suggest the statement also could be used to help define the roles of state higher education coordinating and governing boards within this system, and they encourage its distribution to governors' offices, legislatures and other state agencies.

On the other hand, the statement can be viewed as nine interrelated objectives, any one of which can be the basis for a separate state level initiative. In the sections that follow, each of these objectives is described in more detail.

Create a Vision for Postsecondary Education in Workforce Development

All who participated in our discussions, from education, government, business, and community sectors, underscored the critical and essential component of postsecondary education leadership

Statement of Principles and Priorities*

Create a vision for postsecondary education in workforce development

The following principles provide the basis for building an effective workforce development system:

- The highest priority should be placed upon enhancing workplace skills at all levels of education.
- All levels of education need to significantly expand work-based learning opportunities and place learning content into work contexts.
- Learning is continuous, and the readiness to learn is the most critical skill of all.
- The capacity to build upon prior learning, and to make seamless transitions from one learning experience to another, is essential.
- Workforce development efforts must be tailored to the distinctive training and educational needs of regional economies, communities and employers.

Broaden the "school-to-work" framework

The above principles are consistent with federal workforce development block grant legislation as well as the School-to-Work Opportunities Act. However, they must be broadly conceived to draw upon the full contributions of all education, training and learning providers (including colleges and universities, community colleges and vocational-technical institutions). It is better, for example, to emphasize "education-to-careers-to-further education" than the narrower, linear perspective implied by the term "school-to-work."

Build a collaborative system of education and training

State Higher Education Executive Officers (SHEEOs) and other state education officials should play a leadership role in developing and implementing statewide workforce development systems, and participate in human resource investment councils and similar state-level entities. At the same time, these state education leaders should be receptive to changes that are necessary to achieve effective coordination and division of responsibility with other units of state government, and to ensure broad collaboration with all stakeholders, including business and labor.

Capitalize on the distinct roles of learning providers

The roles of learning providers should be differentiated to capitalize upon their distinctive missions and strengths. At the same time they should work toward coordination and sharing of resources to maximize their collective contributions.

Improve learner productivity

Expanded efforts must be made to improve "learner productivity" by:

- making education and training "learner-centered"
- holding high expectations for learners
- supporting active learning
- capitalizing on technologies to achieve flexibility and access to learning
- making effective use of the time and resources of learners as well as providers

Help learners make informed choices

Learners must have sound information and counsel upon which to base optimal choices regarding learning experiences.

Connect learning and work

Learning providers must strive to build effective partnerships with business and create effective linkages with work-based and other modes of learning.

Ensure an effective system

Learning processes should incorporate a common language and understanding that are shaped by high standards of performance, as well as incentives to support high levels of achievement; all learning providers should be held accountable to identified performance standards.

Support teachers and faculty

SHEEOs and other state education officials should work together to ensure that teacher education programs and professional development opportunities for practicing teachers are responsive to the need to better prepare elementary and secondary students for work and further education and training.

*The term "learner" is used in its broadest sense to encompass the full scope of possible education, training and learning experiences; and similarly the term "learning provider" is used to capture the full range of sponsors of these learning experiences.

committed to a vision for workforce preparation. A necessary first step is to establish a vision and set goals for the state that are based on shared beliefs and which articulate clearly the role of postsecondary education.

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- The highest priority should be placed upon enhancing workplace skills at all levels of education.
- All levels of education need to significantly expand work-based learning opportunities and place learning content into work contexts.
- Learning is continuous, and the readiness to learn is the most critical skill of all.
- The capacity to build upon prior learning, and to make seamless transitions from one learning experience to another, is essential.

Workforce development efforts must be tailored to the distinctive training and educational needs of regional economies, communities and employers.

In particular, discussants emphasized that state higher education leadership must play a pivotal role in this "vision-setting" process by responding in highly visible and clearly defined ways to calls for preparing a new workforce. A few recent state examples where this has occurred:

- In the North Dakota Plan for Identifying and Responding to Workforce Training Needs, both the new seven-year plan and the new strategic academic plan approved by the State Board of Higher Education are more "customer focused" than previous plans and have specific objectives aimed at workforce education and training. The goal of the plans is to "create a collaborative, responsive workforce training capacity with the University System that is capable of anticipating and meeting the needs of students, business, industry, and the economy of North Dakota."
- The Illinois Board of Higher Education sets out in its 1996 Workforce Preparation Action Plan the need for improved preparation among all learners. It identifies six goals: (1) academic and technical skills development; (2) current workforce skill advancement; (3) access to career information, education and training; (4) transitions to work; (5) linking classroom and workplace learning; and (6) collaboration, quality and accountability.
- The Minnesota Education to Employment Transitions Council has developed a plan that includes this simple vision statement: "All Minnesotans will make successful education and employment transitions." There are 10 guiding principles for getting it done: (1) establish and be driven by multi-sector partnerships; (2) establish a lifelong approach to workforce concepts; (3) establish standards by which to measure success; (4) encourage learners to take primary responsibility for their own success; (5) value diversity; (6) balance learner and workforce needs; (7) prepare learners for the future; (8) recognize learners currently in the workforce; (9) create learning opportunities in developmental and applied contexts; and (10) coordinate existing resources.

Broaden the "School-to-Work" Framework

Our discussants frequently raised the need for postsecondary education to adhere to a "common language" when discussing workforce development issues. It should include a clear statement that resources of colleges and universities will support the education and training of the American workforce. This common language can be the basis for improved communication with other education sectors, across local, state and federal programs, and with employers.

To date, state-level discussions about education, employment and training have focused primarily on the needs of non-college bound youth. This emphasis has been spurred in part by the federal School-to-Work Opportunities Act which is designed to help youths make the transition from education to employment. But this focus ignores the fact that more than half of high school graduates continue their education in postsecondary programs. According to recent data from the U.S. Department of Education, in 1994, sixty-two percent of high school graduates were enrolled in college the October following their high school graduation. And an even greater percentage of students enrolled in postsecondary education before the age of 30.[5]

> The principles outlined in this report are consistent with federal workforce development block grant legislation as well as the School-to Work-Opportunities Act. However, they must be broadly conceived to draw upon the full contributions of all training and learning providers and to facilitate continuous learning. It is better, for example, to conceptualize these premises in terms of "education-to-careers-to-further education" than the narrower, linear perspective implied by the term "school-to-work."

Many meeting participants argued that school-to-work programs must be tied to postsecondary education because of the high premium Americans place on college degrees. This opinion is consistent with a national study that found that nearly eight out of ten Americans are convinced high school graduates should go to college because it improves their job prospects.[6] Discussants pointed out that the School-to-Work Opportunities Act can offer a framework for involving both secondary and postsecondary education in workforce preparation.

For example, in Illinois, the federal School-to-Work Opportunities Act is a basic building block of a collaborative process to provide workforce development services at the local level, but leaders in the state say that it must be expanded beyond its narrow focus as a vehicle to help students make transitions from school to work. A primary goal of the Illinois Human Resource Investment Council is to build communication linkages with businesses and the public, educational institutions, and state agencies. According to Richard Wagner, executive director of the Illinois Board of Higher Education, "The policy goal should reflect appreciation for lifelong learning and education to careers."

Build a Collaborative System of Education And Training

Several discussants suggested a need to coordinate programs and services within statewide workforce development systems. They argued that the proliferation of education and job training programs often creates confusion about what services are available—a confusion that exists among employers as well as among potential employees. Participants suggested that state policymakers and educators should clarify the distinction between "job training" and "education"—in some cases narrowing it—because such distinction does not serve students well nor is it understood by employers. Further, operating workforce development programs on separate tracks frustrates coordination and states' abilities to design systemic approaches.

SHEEOs and other state education officials should play a leadership role in developing and implementing statewide workforce development systems, and participating in human resource investment councils and similar state-level entities. At the same time these education officials should be receptive to changes that are necessary to achieve effective coordination and a division of responsibility with other units of state government and to ensure broad involvement of all stakeholders, including business and labor.

Several states, including Illinois, Texas, Massachusetts, Wisconsin, and Oregon, already have made substantial strides in putting together boards, task forces or state human resource investment councils that bring together higher education, vocational job training programs, and adult education. Aside from their roles in getting important players together, some councils play a key role in developing performance measures and accountability standards, carrying out research, and developing and coordinating different kinds of skills standards. For example, North Dakota's Workforce Development Council grew out of the Governor's Executive Order to integrate workforce development and economic development policies in the state. In spite of dwindling resources, coordinating services helped the state be more responsive to the needs of its citizens.

Under the auspices of the federal government, state agencies may soon be pressured to coordinate their services. Currently, Congress is debating legislation that will consolidate over one hundred federal job training programs and give states authority and management responsibilities over the resources. Consolidation offers states the opportunity to create more effective and coherent workforce development systems; however, it is not clear whether final legislation will require states to develop such approaches. According to researcher W. Norton Grubb, "States could therefore simply allocate federal funds under a new block grant in ways that federal funds have previously been allocated, minus whatever cuts Congress imposes." It would merely replicate, under state control, what has developed under federal legislation. He suggested that, "To realize the opportunity that consolidation creates, it will be necessary to create a new and more unified system out of the many state and federal education and training programs that now exist. That in turn requires a vision of what such a system might be."

But many participants warned that states should not design their workforce preparation systems around the potential for federal money because those resources are never stable and can be reallocated with changes in the political wind. State leaders have compelling reasons to develop cohesive workforce development systems with or without federal funds and need to begin to develop strategies for creating an environment to help the system to thrive.

Capitalize on the Distinct Roles of Learning Providers

Seamlessness—another policy recommendation for the postsecondary education sector offered by participants—will create a workforce preparation system in which each program is linked to the next level of education and training. Programs from job training, high schools, community colleges, colleges and universities need to be connected and articulated.

The discussants confirmed that both two- and four-year colleges should participate in workforce development, and the distinct roles and issues that each addresses should be

The roles of learning providers should be differentiated to capitalize upon their distinctive missions and strengths. At the same time they should work toward achieving effective coordination and sharing of resources so as to maximize their collective contributions.

recognized and aligned. For example, all postsecondary education institutions will need to develop strategies to overcome employer dissatisfaction. Adult education and job training (including occupational skills instruction, on-the-job training and work experience, and sometimes job search assistance) have been successful at many community colleges and their activities should continue to be supported. Degree-granting colleges and universitas are beginning to examine their admission policies and procedures, and align traditional programs and contextually-based curriculum and performance assessments. Some colleges and universities also are developing teacher preparation and professional development programs that incorporate applied teaching and learning strategies. These activities should be recognized and effective practices promoted.

Participants identified many examples across the country where community colleges are delivering employee education and training programs to business and industry. For example, we heard about a "shadow college" in Arkansas in which college courses are taught on the plant floor. According to Westark Community College President Joel Stubblefield, "We served 149 industries last year. They approved the curriculum and described the expected outcomes. If we fail to deliver what they want, they get their money back. The problem is meeting the demand because we are the only college in Arkansas working directly with business and industry in this way. With state-level support, we want to take this model to other regions of the state and hope that colleges and universities will adopt it."

In another example, participants from Kansas described how colleges and universities can use their research capacities to address the technical needs of business and industry. The major aircraft industries (Boeing, Cessna Aircraft, and Raytheon Aircraft) have teamed with four state universities (Wichita State University, Kansas State University, the University of Kansas and Pittsburgh State University) to create an Aircraft Design and Manufacturing Research Center. The center will provide comprehensive research and development to support the civil aircraft industry and will allow for technology transfer within the industry. Most importantly, it provides education and employment opportunities for students who will be working and learning at the Center.

Improve Learner Productivity

Becoming learner-centered, according to one conference participant, means focusing on the individual students and helping them connect to their goals. This requires that postsecondary education strive to understand what the goals of the individuals are—what they are trying to accomplish and how to customize programs and courses to meet their needs.

Expanded efforts must be made to improve "learner productivity" by:

- making training and education "learner centered"
- holding high expectations for learners
- supporting active learning
- capitalizing on technologies to achieve flexibility and access to learning
- making effective use of the time and resources of learners as well as providers.

To ensure all students opportunities for future economic benefits and higher levels of civic participation, our discussants were unanimous in their feeling that educators need to focus on the individual learner. In a statement that captured the view of many participants, Jeffrey Baker, former commissioner of higher education for the Montana University System, reflected that "Many students come to colleges and universities with very strong aspirations for training and preparation for careers. A key to addressing the needs of students is gaining the involvement and commitment of postsecondary education institutions and faculty."

A number of states have put learners at the center of their state workforce development plans. For example, Missouri's State Plan for Postsecondary Vocational Technical Education is specifically aimed at identifying the learning needs of its citizens and aligning them with new and innovative education and training delivery systems. This also is the focus of state plans in Illinois and North Dakota.

States and their secondary schools, colleges and universities are working with various organizations to develop new programs and curriculum that connect learners to the real world. For example, the Center for Occupational Research and Development (CORD) develops curriculum in applied physics, communications, mathematics, and biology/chemistry for high schools and "tech-prep" programs (generally, the last two years of secondary and first two years of postsecondary education programs). According to CORD's president, Daniel Hull, the courses adhere to high standards and focus on problem-solving, are practical and relevant, emphasize associated hands-on learning, and retain integrity of course content.

But many students taking applied courses are concerned that they will be foreclosed from further education and postsecondary degree attainment because most college and university admission requirements include completion of a core curriculum made up of traditional courses in mathematics, science, English, social studies and foreign languages. While this is viewed as a potential barrier to the successful transition of students from secondary to postsecondary education, CORD's data suggest that four-year colleges and universities are beginning to accept contextually-based courses in their admissions procedures. Over 70 colleges and universities in twenty states now accept applied physics and more than 40 institutions in nine states accept as Algebra I credit the applied mathematics series.[7]

Help Learners to Make Informed Choices

Neither business nor educational institutions have been effective at communicating to the public about the knowledge, skills and abilities needed by entry-level workers. Based on public interest polls and voter response to tax referendums for education, what the public expects from schools, colleges and universities may not align with what business has suggested it needs and what educators say they are delivering. One participant suggested that one way to resolve the communication gap between business and educators is to clearly define the skills effective workers and citizens need and the education and training experiences that colleges and universities can provide. He concluded, "governors and legislators are demanding that we establish better systems to communicate that information to students, employers and the public."

Learners must have sound information and counsel upon which to base choices regarding learning experiences.

Individuals often do not know where to begin their search for information about postsecondary education and job training programs. To address this problem, a few states are beginning to develop "one-stop shops" that provide easy access to program and services information to students and employers. For example, the Colorado Workforce Coordinating Council recommends the creation of "one-stop" career centers to provide "access to the information and job exchange network and offer high quality basic and optional services to every Colorado job seeker and employer."

The statewide network of one-stop career centers will provide: (1) a common applicant intake form; (2) general labor market information; (3) accreditation and evaluation processes for service providers; (4) eligibility standards for services for targeted groups; (5) advisors; (6) management of financial support; (7) performance-based assessments; and (8) an evaluation process.

Similarly, one-stop centers on Nevada community college campuses help non-traditional students, including welfare recipients and persons with disabilities, to access information on federal and state grant programs that provide support for assessment, tuition, book assistance and childcare. According to Richard Jarvis, chancellor of the University and Community College System of Nevada, "The community colleges and State Employment Service Division are partners. Branches on each campus ensure that students receive a full range of services from admissions to job placement without leaving the college campus."

Connect Learning and Work

Our discussants pointed out the need for strategies that will allow businesses and other employers to communicate their skill requirements to postsecondary education educators. When asked, employers report they expect high quality education and training programs that meet the needs of the workplace and they suggest several approaches—internships, cooperative education, and apprenticeship programs—for improving the connections between them and higher education.[8]

The contributions and involvement of business are central elements of successful statewide workforce development systems. Learning providers must strive to build effective partnerships with business and effective linkages with work-based learning opportunities.

Business also would like to provide more input into the curriculum. According to interviews conducted by the New Jersey Business-Higher Education Forum, to ensure optimal payoff for their education and training investment, employers want their employees to be able to apply what they have learned. They want more responsive curricula, and more flexibility to respond to changing employer needs. Additionally, employers want to know more about students before hiring them and they want easier access to that information.[9]

Notable models are beginning to emerge demonstrating how state leadership can support business and postsecondary education partnerships that address the training needs of employees. For example, Washington's Workforce Employment and Training Act (HB 1988) is designed to significantly expand the state's job retraining efforts. It is supported through a workforce training trust fund that receives about one cent of every $100 of existing unemployment taxes paid by business. In the 1993–95 biennium, the trust fund generated $35.1 million for enrollment at community and technical colleges.

In focus groups conducted by the Washington State Board for Community and Technical Colleges (SBCTC), participants reported that because the training programs developed under HB 1988 require business and labor endorsement, collaboration between colleges, business and labor significantly increased. And business participants suggested that this involvement improved their relationship with local colleges. The reasons for improvement were that: (1) many employers, not just a few representatives, were involved; (2) training needs were identified by employers rather than by colleges; (3) college staff accepted curricular input; and (4) programs included practical work experience in addition to classroom instruction.

Skills Needed by New Employees

Postsecondary education and business and industry should work together to support the education and training of the American workforce. Anthony P. Carnevale, Vice President for Public Leadership at Educational Testing Service recently made the following observations about the education needed by those who will succeed in the new economy:

- a formal education which includes basic educational preparation beyond high school
- preparation in an occupational or applied specialty
- formal or informal training on the job
- access to information technology at work

In national and state surveys requesting feedback on their workforce needs, employers respond that they are generally satisfied with the academic knowledge that recent college graduates have acquired in their majors; however, business and industry leaders would like colleges and universities to incorporate into the collegiate experience the following skills:

- leadership and communication skills
- quantification skills
- interpersonal relations and the ability to work in teams
- understanding the need to work with a diverse workforce at home and abroad
- the capacity to adapt to rapid change

Carnevale, Anthony P., "Liberal Education and the New Economy," *Liberal Education* (Washington, D.C.: American Association of Colleges and Universities, Spring 1996); *Higher Education and Work Readiness: The View from the Corporation* (Washington, D.C.: Business Higher Education Forum, September 1995); *Enhancing the Connection between Higher Education and the Workplace: A Survey of Employers* (Denver, CO: State Higher Education Executive Officers and Education Commission of the States, October 1995).

Ensure an Effective System

States need to create a workforce preparation system that allows agencies, educational institutions and businesses to learn from each other the most effective processes for doing business. Working primarily with corporations to help them find and transfer "best practices" among themselves, Jack Grayson, CEO of the American Productivity and Quality Center, suggested that educators "begin thinking outside the box and perhaps borrow practices from other organizations and businesses. For example, when health care providers wanted to design an effective registration and admitting system, we suggested that they look to other businesses—hotels and rental car companies—for help. Using a benchmarking process gives organizations opportunities to organize methods of learning and then allows them to transfer that know-how to others."

> Learning processes should incorporate a common language and understanding that are shaped by high standards for performance

Attempts to develop workforce preparation systems that identify and reward "best practices" are beginning to take shape in some states. For example, in California, the State Job Training Coordinating Council (SJTCC) is involved in an interagency collaborative process to design a new workforce preparation system for the state. Among its many efforts, the SJTCC is charged with responsibility for developing a performance-based accountability system that will annually publish report cards evaluating workforce preparation programs and providers.

Concomitantly, the California Higher Education Round Table—made up of the chief executive officers from all segments of public education in the state, the president of the Association of Independent California Colleges and Universities, and the executive director of the California Postsecondary Education Commission—recently made a formal commitment to advance workforce excellence. To accomplish this goal, the Round Table will focus its efforts in the following areas:

- examine university admission and curriculum articulation policies and practices to ascertain their compatibility with new curricula being developed in secondary schools
- review curricula and teaching and learning strategies to ensure their relevance and applicability to the world of work
- develop alliances with leaders of industry and labor in the public and private sectors
- strengthen existing relationships with other entities engaged in employment training and with local and state agencies charged with development
- conduct regional hearings to listen and respond to the public's concern about education, employment, and the condition of local economies.

While the SJTCC and the Higher Education Round Table are distinct state entities, leadership in these groups is currently attempting to align the workforce preparation activities in which the two are involved.

Support Teachers and Faculty

Many participants raised concerns that comprehensive workforce preparation systems will not work unless teachers are prepared to support and enhance "learner-centered" instruction. One teacher from Wisconsin spoke for many others when he said, "Colleges and universities need to prepare future teachers to value and impart to their students an appreciation for lifelong learning. Teachers and teacher educators will need support to change pedagogy. Professional development experiences will help them to prepare their students for more context-based experiences."

SHEEOs and other state education officials should work together to ensure that teacher education programs and professional development opportunities for practicing teachers are responsive to the need to better prepare elementary and secondary students for work and further education and training.

But changing teacher training programs in colleges and universities will mean that state leaders and college administrators will have to tackle a current faculty reward system that bases promotion and salaries on attainment and maintenance of tenure, not student success. This may change at a "new college" recently proposed to faculty at Arkansas' Westark Community College. According to President Joel Stubblefield, many of the traditional structures and processes for educating students will be eliminated: college admissions will be based on proficiency levels of entering students; degree attainment will be based on whether students attain defined learning outcomes; seat-time and Carnegie course credit will be eliminated. In Stubblefield's vision "academic departments will be integrated to provide customized learning for the student. Because we want students to have certain capacities to learn for the rest of their lives, we need to organize our institutions to accommodate this learning model. So, faculty will be organized around teaching identified skills, not academic subjects."

An Agenda for State Higher Education Boards

State leaders are urged to support the following nine objectives for linking postsecondary education to workforce development systems:

- Create a vision of postsecondary education in workforce development
- Broaden the "school-to-work" framework
- Build a collaborative system of education and training
- Capitalize on the distinct roles of learning providers
- Improve learner productivity
- Help learners make informed choices
- Connect learning and work
- Ensure an effective system
- Support teachers and faculty

SHEEO will use these objectives as the basis for our continuing work to support a state higher education agenda aimed at ensuring successful transitions from school to further education and work. In addition, we are committed to working with all stakeholders—national and regional education organizations, governors' offices, state legislators, business and industry, colleges and universities, schools, and other education and training providers—in initiatives that will strengthen needed alignments.

Part of our continuing activities will be to identify and examine successful models and "best practices" demonstrating the involvement and leadership of postsecondary education in statewide workforce preparation systems. These models will be widely disseminated and will serve as a strategy to build the leadership capacity of state higher education agencies, colleges and universities in these systems. Our work will focus on the following issues:

- **high school feedback and admissions,** including new linkages and measures that are being established between high school performance and college success; evaluating workbased and other applied or contextual learning at the secondary level in the postsecondary admission process; using high school feedback systems for program improvements and student counseling.
- **articulation and transfer within postsecondary education,** including articulation and transfer between community colleges and baccalaureate institutions; community college to baccalaureate institution articulation of occupational programs; articulation of "tech-prep" curricula with baccalaureate completion programs; student tracking systems and their use in providing information feedback to institutions from which students transferred.
- **follow-up of program completers and employer feedback systems,** including the utility of alumni follow-up information for program assessment and review; the design of employer feedback systems and the utility of information that employers could provide for postsecondary program review and assessment; information which employers find important in their recruitment processes and in evaluating the training needs of their employees.
- **integration of classroom-based and workbased learning,** including achieving effective integration of academic and work-based learning; employer contributions to and sponsorship of work-site learning; measures of teaming success in work-based experiences; effective higher education-business partnerships; integrating technology-based learning into the overall educational experience and evaluation of technology-based learning; integrating applied learning into teacher preparation and professional development programs.
- **effective coordination and planning,** including patterns of representation that states use in coordination and governance structures; responsibilities assigned to various state agencies for staffing workforce development initiatives; mechanisms states use in establishing working relationships across agencies and organizations (e.g., joint studies, executive summits); roles of governors, key legislators, business executives, state education leaders (particularly SHEEOs); contributions to workforce education and training by education providers, especially postsecondary education institutions.

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State Leadership in Higher Education

EDWARD R. HINES

The focus of this section is on state-level leadership in higher education, including key actors and agencies inside and outside higher education. Issues include state higher education agencies, governing boards, governors and legislators, lobbying at the state level, and deregulation. The section also covers the reports of blue ribbon commissions in three states, illustrating a range of approaches such ad hoc study groups use in examining higher education.

The State-Level Higher Education Agency

The number of statewide coordinating and governance structures in higher education has grown rapidly; some form of either structure exists in all states except Wyoming. Despite the fact that one can find numerous descriptions of coordination and governance, the basis of their authority, and the varying types of coordinating boards, state leaders have again returned to this topic in the 1980s, revisiting themes dealing with campus autonomy, public accountability, the centralization of state-level authority, and the proper balance between state and campus authority.

Concerns about statewide coordination and governance appear to emanate from discontent with existing systems and with emerging policy issues in the states (Mingle 1988). In many states, conflicts have developed around educationally under-served areas experiencing rapid population growth and needing access to graduate and professional programs. Senior colleges exhibit too few differences in mission and purpose. "To many governors and legislators, all institutions look and sound alike and compete for the same programs and students" (Mingle 1988, p. 3). Lawmakers wonder whether all programs offered are needed in all institutions. At the same time, needs may be unmet that the state or the campus could fulfill. When campuses choose not to become involved, policymakers sometimes turn to state boards. If state boards do not become involved, lawmakers' continued support for higher education may be jeopardized; if they become too involved, however, campuses become critical of their intrusiveness. One current example is the proliferation of incentive funding proposals while the over-all budget base is reduced. Lawmakers can view state boards as resisting efforts to fund, measure, and encourage quality in higher education. Finally, state boards have long been subject to criticism about being overly bureaucratic, primarily because of their standardizing procedures for submitting proposals, formulating budgets, and reporting information. The campus view of state higher education agencies may be even more negative, however. The staffs of state boards have been identified as apprehensive of mistakes, consummate rational planners, unreceptive to innovation, antithetical to the process of change, distrustful of those capable of innovation, and conservative in use of data (Gilley, Fulmer, and Reithlingshoefer 1986).

Governing and coordinating boards differ in their authority (Millett 1984), and both have advantages and disadvantages. Governing boards have authority not found in coordinating boards in three areas: authority over how individual campuses are governed, including the appointment and evaluation of the campus president; authority to intervene in the internal affairs of campuses under their jurisdiction; and authority over how campus budgets are carried out and managed. Advantages of the governing structure include its involvement in campus concerns, such as defining campus missions, approving admission standards, determining tuition and fees, and establishing the organizational structure for the campus. Governing boards select the chief administrative officer of the campus, establish the operating budget, and plan for capital improvements. Disadvantages, on the other hand, include the fact that board members may perceive themselves as more closely aligned with campuses than with state government—which may not ingratiate governing boards with governors and legislators. Some governing boards have difficult relationships with certain legislators, in which the legislator intervenes inappropriately in campus affairs or individual board members act inappropriately. The potential always exists that statewide governing boards are too far removed from the concerns and activities of individual campuses, which can present problems for relations between campuses and the governing board. Governing boards may have difficulty serving as the state-level planning agency for higher education. The focus of the governing board may exclude key segments of higher education, such as private institutions or community colleges.

Coordinating boards also have distinct advantages and disadvantages (Millett 1984). A major advantage is the broadly based scope of authority of coordinating boards and their ability to relate to many segments of higher education, including the private sector. Another advantage is that coordinating boards have specific powers in particular areas, usually including the preparation of a state master plan for higher education, approval and disapproval of new degree programs, and recommending state appropriations for operating and capital budgets. A third advantage is that coordinating boards, more so than governing boards, are able to identify with state government. Fourth, coordinating boards have no management authority over individual campuses and thus tend not to become as embroiled in campus matters as do governing boards.

Disadvantages of coordinating boards often emanate from external actors like governors and legislators who influence or make decisions affecting master plans, academic programs, and requests for appropriations. The coordinating board's lack of influence over campuses can lead to campus presidents' acting on their own at inappropriate times. Another disadvantage is that under a coordinating board, institutional governing boards and presidents may act independently, showing little concern for the coordinating board. Further, coordinating boards tend not to have their own political constituency. And coordinating boards may have an uncertain relationship with governors and legislators, primarily because in most instances appointment to the coordinating board involves overlapping terms; thus, a governor would be unable to appoint an entire board within a single term of office. Therefore, coordinating boards may be too insulated from primary political actors.

The question of coordination versus governance leads to a debate that was prevalent in the 1960s and 1970s. Since 1970, Massachusetts, North Carolina, and Wisconsin have adopted statewide consolidated governing boards. In 1988, Maryland higher education was reorganized, with a commission replacing the existing state board for higher education, a cabinet-level secretary of education appointed by the governor to replace the commissioner of higher education, and an enhanced governing board for the University of Maryland, including 11 of the 13 public four-year campuses. More than 15 other states decided to strengthen the existing coordinating board and to maintain a separate system of governance that is perceived to be closer to the campus (McGuinness 1986).

Thus, there is no one best way to organize a state structure for higher education (Callan 1982). The most significant determinants, however, are those not included in most debates about coordinating versus governing boards—the personal disposition of the governor and legislative leaders toward higher education, the experience of those leaders with higher education, the leadership of the state higher education agency and campus presidents, compatibility between campus leaders and state leaders, and the place of higher education in the state's political culture. Critical issues include whether the public sector has excess capacity, the contribution of higher education toward the state's priorities in areas like economic development and manpower training, and whether the segments of higher education—public, private, two-year colleges, four-year colleges, research universities, and nonresearch universities—show rancor or cooperation. "The conditions in each state determine form and powers" (Glenny 1985, p. 13). In some states, the provision of educational services to adults and the integration of vocational-technical education with other sectors of education can be critical policy issues (Cross and McCartan 1984). If the education enterprise is badly fragmented and if the general environment is dominated by win-lose conditions, then higher education may have a difficult time in the political arena.

> No state-supported institution anywhere exists apart from the state [that] created it and whose public interest it exists to serve. By the same token, no state coordinating agency, or any other agency of government for that matter, serves the great goals of efficiency, economy, and accountability unless it has a sophisticated and sensitive grasp of the transcendent importance of quality education, in all its rich and varied meanings. . . . Plainly the task ahead is to develop consultative relationships that bring the legitimate concerns of state agencies into shared perspectives. Warfare is too costly. Moreover, in most states both the universities and the state higher education agency share—at the deepest level of conviction—those multiple goals symbolized by words such as equity, efficiency, economy, excellence, pluralism, diversity, and the like (Berdahl 1980, p. 13).

State higher education executive officers

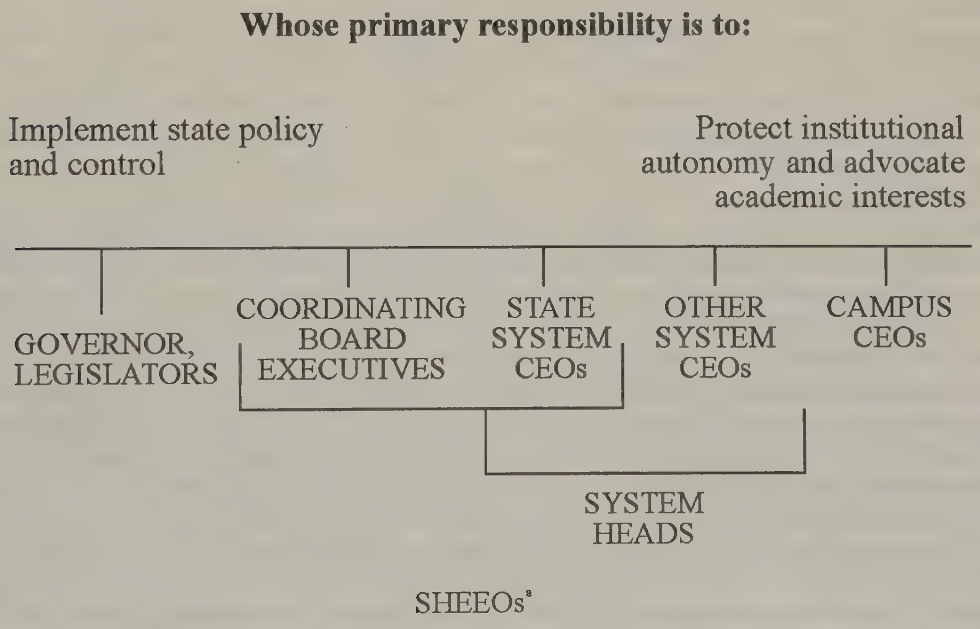
The State Higher Education Executive Officers' Association, in existence since 1954, is composed of men and women who occupy positions of leadership in state higher education systems. The state higher education executive officer (SHEEO) has been described as a person of critical importance: "No other position, at least in *public* higher education, is as critical to the resolution of such conflicts or the shaping of state higher education profiles" (Pettit and Kirkpatrick 1984b, p. 5). The SHEEO presides over a staff of individuals in a coordinating or a governing board who work in budgeting, academic programs, management information systems, planning, institutional research, and governmental liaison.

The state higher education agency is the intermediary between state government and the campus. Sometimes it is possible to get embroiled with details of coordination versus governance. SHEEOs have opportunities to exercise leadership on behalf of higher education, but the strains on SHEEOs and their agencies can be a dominant factor in their potential effectiveness (Pettit and Kirkpatrick 1984a). In many respects, SHEEOs and their staffs work in a no-man's-land, because these agencies are located at the nexus of competing interests and values. On the one hand, they are spokesmen for individual campuses, presidents, faculty, and student leaders. On the other, those external to higher education, especially governors and legislators, look to SHEEOs and state-level agencies as the advocates of higher education who will exercise the appropriate degree of control over campus officials who articulate positions on behalf of their own campus.

The continuum shown in Figure 1 can be used to identify the position of SHEEOs relative to external and campus authority. According to the figure, governors' and legislators' primary responsibilities are to implement state policy, and campus chief executive officers (CEOs) are responsible for protecting institutional autonomy and advancing the interests of the campus. System "heads" and CEOs include those individuals heading a multicampus institution or system governing board. They are viewed as having less campus identification than a campus CEO and more identification with the broader public. SHEEOs are those state higher education agency heads who function at the apex of coordinating boards ("coordinating board executives" in the figure) or head governing boards ("state system CEOs"). The "system's character" is the distinguishing feature of the system, which feature is the relationship between the CEO of the system and the CEO of the campus (Pettit 1987). Key points on the continuum range from maximum accountability, where governors and legislators exercise great influence over higher education, to maximum autonomy, with the campus exercising great influence. Adjacent to maximum accountability, or a public interest model, are statewide coordinating boards that function as state agencies on behalf of higher education. Next come consolidated governing boards with CEOs not having line authority over campus presidents. Next are consolidated governing boards with stronger chief executives like commissioners, chancellors, and presidents with line authority over campuses. Closer to the campus end of the continuum are multicampus systems with less than statewide jurisdiction. The final slot contains autonomous individual campuses with a president as the CEO.

A number of factors impede "the system executive's shaping and sustaining a visible and legitimate presence conducive to meeting administrative responsibilities" (Pettit 1987, p. 198). One factor is lack of identity because, unlike institutions, systems do not have a physical entity and a broader name recognition. A higher education system is more of an abstraction. Another impediment is one of constituency; a campus has defined constituencies, while system heads have contacts with a limited array of campus officials, often excluding most students, faculty, and lower administrative staff. Third, system heads have more limited ceremonial functions and responsibilities than do campus presidents so that when they are involved, it is merely to serve as figureheads. Finally, legitimacy is a generalized problem. System heads may not be viewed as legitimate authority figures on campuses—necessary ceremonial figureheads perhaps, but not legitimate CEOs—creating role strain and ambiguity for them.

An analysis of the appointment of new system heads in three states points out several trends (Jaschik 1987n). First, the system head must be familiar with higher education in the state, and


Whose primary responsibility is to:
Implement state policy and control
Protect institutional autonomy and advocate academic interests
GOVERNOR, LEGISLATORS
COORDINATING BOARD EXECUTIVES
STATE SYSTEM CEOs
OTHER SYSTEM CEOs
CAMPUS CEOs
SYSTEM HEADS
SHEEOs[a]

[a] A SHEEO can be head of a coordinating board, governing board, or a higher education agency or system.

Source: Pettit 1987, p. 197.

FIGURE 1. Chief Decision Makers in Public Higher Education Systems

his or her name must be recognizable in both the higher education and the state government communities. Second, the system head must focus on critical issues in higher education, create a vision for higher education, and help move the system forward. The system head cannot be perceived as a person oriented toward preserving the status quo; a sense of forward momentum is critical. Third, the system head needs to have a sense of political acumen, to be familiar and comfortable working in the political arena, to be adept at using the political process to the benefit of higher education, and not to lose sight of the links needed with campuses. The system head needs to be a member of the higher education community or to be accepted therein yet able to function in the political arena. Finally, the system head needs to be a risk taker to be able to formulate a vision for higher education yet must know when to avoid or to reduce counterproductive controversies.

Governance is not an end in itself; rather, it is a means or one precondition to a system of postsecondary education in a state (Callan 1982). Postsecondary education can function as a system only after critical issues and state-specific problems have been identified, after goals for the higher education system have been articulated, and after state and education leaders alike have decided upon a structure suitable to the state.

Blue ribbon commissions

Special commissions and special study groups have been primary means of evaluating and examining the state-level structure and organization of higher education, especially when they involve shorter-range decision making and constituent groups inside and outside higher education (Folger and Berdahl 1988). These blue ribbon commissions, as they are commonly called, are composed of eminent individuals and are given a purpose, time frame, and operational guidelines. Between 1965 and 1983, 48 such special commissions were established by governors or legislatures in 25 states (Johnson and Marcus 1986). From 1980 to 1986, however—in one-third the amount of time—40 special commissions focused on higher education in the states (McGuinness 1986).

It is clear that some blue ribbon commissions are more successful than others, and certain elements contribute to their success: a manageable task, sufficient time to complete the study, a knowledgeable staff that is adequately sized, appropriate outside experts, favorable relations with the media, and commissioners who are involved in implementing recommendations (Johnson and Marcus 1986). Commissions are not likely to be effective when they must study complex problems not easily solved, they have little or no formal power, the time frame for study is too short, and they are broadly representative of diverse interests (Peterson 1983). An analysis of the reform movement in higher education suggested that little evidence demonstrates that reports by ad hoc committees enhance quality and that use of such committees raises questions about the ability of higher education to examine itself. Ad hoc committees may be able to provide starting points for identifying policy problems, but real reform will require higher education to address more fundamental issues (Mitchell 1987). Based on their examination of higher education commissions in seven states in the 1980s, Folger and Berdahl (1988) questioned a number of factors thought to be associated with successful commissions. Having sufficient time to complete the study and hiring external consultants does not guarantee success. Timing and the manner of release of the commission's work to the public can be critical factors. A match must be made between the purpose of a special commission and the qualifications of both commissioners and staff. Study commissions may tend to have little effect on fiscal issues, because so many groups must become involved in fiscal decision making. Blue ribbon groups may be more helpful at defining policy issues than actually solving problems or formulating specific solutions.

Those considering using a special study commission should heed several suggestions (McGuinness 1986). A commission should consider all sectors of postsecondary education and implications for elementary and secondary education. Commissions should examine more than a few elements and consider ways in which recommendations in one area can affect other areas.

For instance, state aid formulas for community colleges can affect other elements, such as the cost of tuition in four-year colleges, student aid, loans, and even state appropriations. At the same time, a commission cannot study all conceivable issues related to a problem; a manageable number of strategic issues should be selected. Some issues can be addressed immediately; others may require study over a longer time. Some issues are essential to campus concerns; others affect entire higher education systems.

Analysis of three states

While detailed analysis of the reports of blue ribbon commissions is beyond the scope of this report and the particular recommendations contained in a report reflect the conditions of a particular state at a particular time, this section offers a brief analysis of blue ribbon commissions examining higher education in Maryland, Michigan, and Rhode Island. These cases exemplify a larger number of states considering a particular structural configuration for higher education. Maryland, for instance, is one of a number of states where an enhanced coordinating board, a "superboard," was under consideration until a major reorganization in 1988. Rhode Island illustrates a number of states where statewide boards function essentially as governing bodies for separate institutions, with little attention to questions regarding how institutions should relate to each other in meeting the state's needs. These boards have operated with minimal support staff, instead depending on working relationships among campus CEOs. Such arrangements more recently have proved inadequate for the current, more complex demands of coordinating a system. A third category of states, illustrated by Michigan, consists of those making initial fact-finding inquiries about the condition of higher education.

These three states undertook an examination of their respective higher education systems in the mid-1980s. Each state has a distinct structure for higher education. Maryland has one major multicampus research university, eight public colleges and universities, 17 community colleges, 23 private colleges and universities, and a number of proprietary schools. Until 1988, the state had four governing boards and a state board for higher education, which served as the coordinating board and postsecondary planning commission. Michigan's nationally recognized research universities include the University of Michigan, Michigan State University, and Wayne State University; it also has four regionally based "general state universities," five regional state colleges, two technical colleges, and 29 community colleges (Commission on the Future 1984). Each four-year college is governed separately, and the three major research universities are autonomous institutions with elected governing boards, as provided for in the state's constitution. In Rhode Island, a single board of regents for all education was altered in 1981 to form a separate board of governors for higher education, with governing authority over the state's three institutions: a research university, an urban public college, and a community college.

The reports reveal circumstances distinct to each state. Maryland had experienced several years of contention among major actors within and without higher education about the role and scope of authority of the statewide coordinating board and about the provision of educational services in Baltimore, the major population center. Because of continuing disagreements within the state about the structure of Maryland's higher education in 1985, Governor Harry Hughes appointed the Commission on Excellence in Higher Education, which raised the following policy questions:

1. What is the most appropriate methodology of determining the correct level, process, and distribution of funding of higher education in the coming decade?
2. Assuming an appropriate methodology of funding, is the state's funding of higher education now at the appropriate level, considering the range of needs and programs as well as the limits of state resources?

3. What incentives could be instituted to encourage and increase cooperation among institutions and segments of the higher education community—both public and private—considering their respective missions?
4. What are the appropriate methods of ensuring accountability for the use of state funds? (Governor's Commission 1986).

A widely shared perception about the commission's report (named after its chairman, Alan Hoblitzell) was that it would elevate the statewide coordinating board to "superboard" status with authority to distribute a lump-sum budget to individual campuses and with authority to approve programs, subject to gubernatorial review, and to merge or to close campuses (Graham 1987). The governance arrangement would remain as it had been with the exception of giving the six state colleges their own boards, rather than having a single governing board for state colleges. The Hoblitzell Commission endorsed "the principle of local institutional governance with strong central oversight at the state level" (Governor's Commission 1986, p. 48). The reactions to centralized authority included supplementary reports from the Black Caucus, which called for more student aid provided more equitably (Maryland Legislative Black Caucus 1987), from campus presidents who advocated creating a local board for each campus but giving a single board of regents strong governing authority, and from the state, which wanted to create a new single authority responsible for all of higher education, with particular attention to improving the delivery of educational services in Baltimore (State Board 1987). The final version enacted in 1988 created the Maryland Higher Education Commission to replace the State Board for Higher Education and provided for consolidation of 11 of Maryland's 13 campuses into an expanded University of Maryland system. The chancellor of the University of Maryland at College Park resigned to take a position in another state (Jaschik 1988c).

In Rhode Island, an external team of consultants conducted a study of governance and organization as a follow-up to the Blue Ribbon Commission to Study the Funding of Public Higher Education in Rhode Island. The team focused on interinstitutional possibilities, including merger of the two senior institutions, and found that the missions of the three institutions were distinctive although not universally understood. Interinstitutional collaboration was already in place, with the potential for more cooperative ventures; therefore, merger should not be pursued as long as enrollments and funding among the institutions were stable. The rationale for merger involved basic policy alternatives (McGuinness et al. 1988).

In proposing to abandon the idea of merger in Rhode Island, the consultants considered the experience of other states in organizing statewide governance and coordinating structures.

> In many cases the problem is not necessarily that any one element of the system has totally failed or that any single agency or individual is at fault. In fact, the reality is just the opposite; key leaders and boards can show an excellent record of accomplishment. What we observe, however, is that the trust and confidence [that] really make a system work have begun to weaken and most if not all the key participants—the governor, legislature, presidents, system CEO, board members—share some responsibility for the situation (McGuinness et al. 1988, p. 29).

The team identified the common situational determinants that can lead to problems in statewide structure and governance. First, one or more campus presidents may work out an arrangement in which they can bypass the state board, going directly to either the governor or the state legislature. While such strategies have short-term appeal, the long-term consequences may become divisive if the governor or legislators become involved in interinstitutional conflicts and rivalries and if confidence in higher education in the state generally is undermined. Second, members of state-level governing boards may misinterpret their role: Should they take a state perspective or that of an individual campus? System board members cannot be advocates of single institutions. Third, statewide boards may drift into involvement and even preoccupation with administrative, regulatory, and data-gathering functions, thus sacrificing a statewide perspective and losing credibility with governors, legislators, and institutional leaders. Fourth, problems with the state's higher education system, if left unresolved, can become more intense and may be dealt with in the political arena. This situation may cause a governor or legislative leader to remark, "Until the higher education system can get its own house in order, I'm going to concentrate on other state priorities" (McGuinness et al. 1988, p. 29). Finally, a situation may develop where a major upheaval of the state's higher education system more often than not does not improve either the structure or state support of higher education.

In Michigan, a governor's blue ribbon commission created in 1983 produced a report on new directions for higher education in Michigan in 1984. The commission took a systematic approach to examining higher education in the state, focusing on a core question: How can higher education in Michigan become more affordable and accessible, remain diverse and reduce unnecessary duplication, contribute to the state's economic revitalization, and enhance quality? The commission's final report was written with a substantive focus on three issues—investing in people, focusing on priorities, and supporting economic progress. The report identified problem areas for colleges and universities that were related to each substantive policy issue and made appropriate recommendations for policy. In other words, the commission emphasized programmatic possibilities rather than structural problems at the state level and between the state board and campuses. This approach did not result in a balanced examination of issues, but it does appear that not dwelling on structural concerns and problems made a positive contribution to a focus on policy issues for higher education in the state.

In Michigan, the governor in 1987 appointed a special adviser on the future of higher education "in part as an attempt to establish the degree to which Michigan's higher education system has changed since 1984" (Cole 1988, p. 1). The special adviser worked with "an informal panel of executive and legislative staff," with the staff of professional associations and groups, and with representatives of Michigan's public and private universities. The original commission's 78 recommendations were examined, with emphasis upon the actions and activities of the higher education system that responded to each policy recommendation. Thus, communications were fostered between higher education and the state's leaders. Campuses were encouraged to initiate and create forward momentum in as many areas of concern as possible, and additional state resources were matched with institutional initiatives.

Trustees, Governing Boards, and Multicampus Systems

In view of the size, composition, and influence of governing boards in higher education, it is surprising that trustees and members of governing boards were not often studied systematically until recently. Frequently, governing boards were the topic of criticism and commentaries, but the boards and their respective members remained unanalyzed. The concept of lay trusteeship has been a fundamental yet controversial feature of American higher education (Taylor 1987, p. 7). One recurring theme has been that trustees protect the public interest in higher education by protecting the campus from improper external intrusion as well as ensuring that narrow institutional interests are not served at the expense of legitimate public needs. While some view trustees as persons outside the institution whose legitimacy to govern can be questioned, the role of trustees and governing board members in representing institutional interests in the face of increasing external involvement has become more important. More specifically, trustees are credited with helping to increase access to higher education, choosing campus leadership, promoting academic freedom, encouraging faculty to be concerned with the entire institution and not with only one department or area, and providing assistance in raising funds and acquiring resources (Taylor 1987).

The demographics of governing boards indicate that, nationwide, governing board members are 85 percent male and 93 percent white; more than 65 percent are 50 years or older (Kohn and

Mortimer 1983, p. 33). A study of the public sector found that 73 percent were male, 89 percent white, and 66 percent 50 years or older (Kirkpatrick and Pettit 1984). The public sector appears to have a slightly higher representation of women and minorities. In Illinois, for instance, the number of female trustees was estimated to double in the 10 years from the mid-1970s to the mid-1980s (Petty and Piland 1985).

The literature on trustees and governing boards reflects the degree to which trustees have changed in recent years. One of the better-known references in this area focuses on trustees of private colleges with single chapters devoted to "The Public University" and "The Junior College" (Rauh 1969). That work presaged what was to become a major concern a decade later: "There are few boards of trustees which will not in some fashion feel the horns of this dilemma [conflict between statewide coordination and the autonomy of individual institutions], for coordination is widespread and undoubtedly here to stay" (p. 125).

Selecting trustees

Trustees may be selected by appointment, by election, or by virtue of position. Gubernatorial appointment is the most common form in the public sector, but popular election is practiced among community colleges (local elections in at least 20 states) and in seven major universities in five states (Colorado, Illinois, Michigan, Nebraska, Nevada). Private institutions commonly select their own trustees, often using alumni balloting. Appointment of trustees in public institutions has been described as "a fight over the three p's, prestige, politics, and power," while in private colleges it has been described as "a search for people who possess the three w's, wealth, wit, and wisdom" (Kohn and Mortimer 1983, p. 32). Trustees for private colleges are usually expected to be active in raising funds, but in public colleges, methods of selection "often are steeped in the political culture and tradition of a given state or local community" (p. 32).

The debate over whether or not trustees should be elected rests largely on beliefs about the process. While proponents of popular election argue that election is more democratic and independent from political patronage, opponents say that potentially excellent trustees will not subject themselves to the time and funds necessary to conduct a campaign. Moreover, election as well as appointment, if it involves a partisan political process, can result in trustees who may be less qualified and less interested in serving as trustees. Wrangling over election or appointment may result in political conflict that carries over to the internal operations of the board. "In this latter instance, neither the best interests of the public nor the institution are served" (Kohn and Mortimer 1983, p. 35).

One might conjecture that elected boards would be more removed from the educational process or that the process of selection would be more imbued with politics. Recent investigations have shown that in the five states where board members are elected, political parties are active in Colorado, Illinois, and Michigan (Gove 1986). The key questions relate to future aspirations of board members and how they function in the position, however. Elected board members tend not to use the position as a stepping stone to political office, primarily because the position on the board lacks visibility (Gove 1986). The extent of visibility appears to be related more to the individual board member's behavior and actions than to board membership, however (Nowlan, Ross, and Schwartz 1984). Another fundamental question relates to the extent to which elected board members help the institution in the political arena with such things as budget requests, economic development, or legislative policy. Little evidence suggests, at least in Illinois, that elected boards make a significant difference in these areas. Rather, it is the "flagship status" of the University of Illinois more than the fact that board members are elected that appears to make a difference (Gove 1985).

In composition, boards of private institutions tend to be larger (the average size is 26) than are those in the public sector (average size nine). A compelling reason for larger boards in private institutions is the necessity for many of them to engage in fund raising on behalf of the institution.

Accordingly, the number of trustees representing private institutions outnumber those representing public institutions by 17 to one (Zwingle 1980).

Roles and responsibilities

Several areas of concern emerge from among the many specific duties of board members (Nason 1980, 1984). One set of responsibilities is focused on the chief executive officer of the college. Trustees select the president, support or remove the president, and monitor the president's performance. Some would say the most significant job of a governing board member is the selection of the president. A second role deals with institutional functions, and the issue is whether or not boards should formulate policy or actively engage in administration. Some say that board members should set policy but let administrators manage. The most critical of these management tasks involves finance, ranging from capital finance to tuition pricing to monitoring the operating budget to helping locate additional sources of revenue for the institution. Other institutional functions include overseeing and being involved in formulating campus mission statements; long-range, strategic, or market planning; reviewing specific areas of concern regarding academic programs; and advising the president and top administrative staff or cabinet on special concerns.

A third area of responsibility relates to a role for the board in evaluation, which may encompass evaluating issues and personnel. Evaluating issues relates to the board's having a potential role in assisting with the assessment of policy or legal matters dealing with such matters as civil rights, employment, governmental investigations or reviews, and due process. Evaluating personnel focuses principally on the board's evaluation of the president.

The fourth set of roles for the board pertains to the relationship between the institution and its external constituents. In public colleges and universities, this role includes "enhancing the public image" and "interpreting the community to the campus" (Nason 1980, pp. 42–44). It is in this area, especially in the public sector, where problems emerge. "Boards of trustees often operate too much as conduits for political pressures rather than buffers against it" (Mortimer 1987, p. 26). It is understandable why this situation would arise. Members of public boards are most often appointed by the governor or by the legislature; most members of public boards are chosen with no campus involvement. When the political process is involved, either through party mechanisms or gubernatorial appointment, an opportunity arises for making appointments to serve political ends more than educational ends, resulting in a "fundamental tension between the board's role as a buffer and the way in which approximately 80 percent of the trustees are selected in public institutions" (pp. 30–31).

An area of particular concern, especially in the public sector, is the lack of board members who are minorities. Ample evidence exists that minorities are becoming an increasingly more visible constituent group, as students, as faculty, and as staff. Improving access to minorities and nontraditional students has not been among the most important tasks of board members, as they perceive their duties (Kirkpatrick and Pettit 1984). Board members perceive that their most important tasks are to provide the governor and legislature with reliable data, to articulate higher education's needs to the public, and to ensure quality in academic programs. Tasks of lesser importance include ensuring cost-effectiveness on campuses and balancing the competitive aspirations of various campuses. Minority trustees agree that seeking greater cultural diversity on boards will become a more important goal in the years ahead (*AGB Reports* 1984).

In 1983, an interpretive review of the literature on trustees and academic decision making noted two ideological assumptions present in much of the literature: one in favor of and the other in opposition to "rule by the elites" (Engel and Achola 1983). The authors concluded that additional empirical studies were needed that focus on the link between what boards should do and what they actually do in academic decision making.

System governance

Of particular interest are system-level leadership activities involving system heads as well as members of governing boards. Unlike boards of trustees, which deal with only one institution, governing boards can be responsible for policy affecting numerous campuses. Yet their knowledge of campus matters may be limited (Taylor 1987). Both individual campuses and systems have chief executives as heads, often labeled "president" at the campus level and "chancellor" or "executive director" at the system level. It is the relationship of authority between these two levels of chief executives that defines the character of the system (Pettit 1987). A number of problems involving these chief executives are unique. In some states, both system heads and campus presidents report directly to the governing board, thereby raising the potential for conflict between chief executives. When the system has strong executives, when campus presidents report to the system head, who reports directly to the governing board, the system head may suffer from a lack of a campus constituency. These problems can cause a special set of circumstances to arise for a system head that transcends the concerns normally experienced by campus presidents.

TABLE 1

Relationship between System Executives and Campuses

Dimension of Authority	Strong System Authority	Accommodation between System and Campuses	Weak System Authority
Appointment and dismissal of campus presidents	System CEO initiates; board ratifies	System CEO involved; board makes independent decisions	System CEO does not recommend
Reporting patterns	System CEO reports to board; campus CEO reports to system CEO	System and campus CEOs have equal status; campus CEOs have access to board	System and campus CEOs report directly to board independent of each other
Setting board agendas	System CEO approves campus agenda	System and campus agendas go to board independently	System CEO transmits campus agenda to board
Board presentations	System CEO presents all action items	Campus CEOs present campus agenda to board	Board chair calls on campus CEOs for items
Personnel decisions	System CEO signs off and is final authority	System CEO accepts campus CEOs recommendations	Campus CEO recommendations go to board without system recommendations
Operating budget and requests for appropriations	System CEO approves and submits	System CEO transmits campus requests with independent recommendations	System CEO transmits to board without recommendations

TABLE 1 (Continued)

Relationship between System Executives and Campuses

Dimension of Authority	Strong System Authority	Accommodation between System and Campuses	Weak System Authority
Academic program review	System initiates and conducts	System may propose; campuses conduct	Campuses initiate and conduct without direction
Contracts for goods and services	System CEO approves or recommends	System CEO transmits to board with recommendations	Contracts approved on campus
Legislative relations	System CEO conducts	Campuses participate; system CEO coordinates	Campuses conduct own legislative relations without supervision.
Recruitment	System CEO has credentials similar to campus CEOs	System CEO likely to have worked in government	System CEO recruited from pool of other state agency heads
Compensation	System CEO paid more than campus CEOs	System CEO similar to campus CEOs	System CEO paid less than campus CEOs
Fund raising	Centralized with one foundation	Single foundation but separate campus accounts	Campuses have own foundations

Source: Pettit 1987, pp. 200–203.

Pettit conceptualized the relationship of authority between system executives and campuses using 12 dimensions of authority (see Table 1). These relationships range from the strongest system authority to an accommodation between system and campuses to weak system authority with maximum campus autonomy (Pettit 1987, pp. 200–203). It is the system head, more so than campus presidents, who deals directly with the governor and individual legislators. While the external demands on campus presidents are considerable, the external demands on system heads are also significant. A critical issue in the selection of the system head is to select someone who has the ability to function effectively in a role having intense demands involving external actors as well as campus presidents.

Multicampus systems

Since Lee and Bowen published the seminal work on multicampus systems in 1971, relatively little scholarship on the subject has appeared. The 1960s were the "decade of the multiversity—the complex, multipurpose campus—[and] the decade of the multicampus system" (Lee and Bowen 1971, p. 1). Lee and Bowen defined the multicampus university as the coexistence of a number of geographically distinct communities exhibiting four characteristics: more than one four-year campus, the responsibility for a portion of higher education in the state, a system-wide executive with the title of president or chancellor, and an executive not having responsibility for only a single campus. They considered the term "multicampus system" an umbrella term encompassing what others more recently have differentiated as different types of systems. "Flagship campuses" are included in the conceptualization of a multicampus system, but not all multicampus systems have flagship campuses. Flagship campuses across different multicampus systems may have more in common with each other than do multicampus systems with each other, and flagship campuses may have more in common with their counterparts in other multicampus systems than with other campuses within the same system.

Lee and Bowen in 1974 revisited the nine multicampus systems that were the focus of the earlier research, exploring internal campus functions within the context of multicampus governance.

> The central lesson of the analysis . . . seems to be, therefore, that if multicampus systems are going to make the most of their unique advantages for survival and effectiveness, their flexibility must be considerable and needs to be protected. Such flexibility may be endangered by undue intrusions of state governments, by their own too highly bureaucratized central administration, by authority that is too widely dispersed and too absolute at the campus and department levels, or by the introduction of new coordinating centers with control over institutional procedures (Lee and Bowen 1975, p. x).

Multicampus systems have considerable influence in higher education because of the numbers they represent. Approximately 48,000 individuals serve on 22,000 governing boards associated with the 3,200 colleges and universities in the United States (Mortimer 1986). About 200 are multicampus boards governing one-third of all campuses and representing about 55 percent of the 12 million students enrolled in higher education (Mortimer 1986). The multicampus system, a creation of the post-World War II period, includes many campuses established after 1960 that operate within multicampus systems (Harcleroad and Ostar 1987). Of the four types of multicampus systems—private multicampus systems, including two systems affiliated with religious denominations and four independent systems, 19 statewide multicampus systems, eight heterogeneous public multicampus systems containing both junior and senior colleges governed by a board with less than statewide jurisdiction, and 38 homogeneous public multicampus systems having less than statewide jurisdiction over junior or senior colleges (Creswell, Roskens, and Henry 1985)—homogeneous public multicampus systems are the most common multicampus structure operating at present.

Grapevine, the monthly research report of state tax appropriations for higher education, contains a dichotomy of multicampus universities and consolidated systems of higher education (Hines 1987). Multicampus universities have three distinguishing characteristics: the oldest and frequently the largest campus as the primary "home" campus, two- or four-year branch campuses or specialized institutions like a medical school, and all campuses governed by a single board, frequently one attached to the primary campus. Consolidated systems include campuses that existed before the system was created. Often located at distances from each other, the campuses are administered separately, but a single governing board was developed after the campuses were created. Usually, this governing board is not connected to the primary campus but often is located in the state capital.

Some noteworthy trends in state support to multicampus universities and consolidated systems have occurred in recent years. Until 1986, multicampus universities showed a slightly stronger rate of gain in state support than consolidated systems of higher education (Hines 1987). In 1986, the rates of gain in the two types of systems were identical, but beginning in 1987 and continuing in 1988, the rates of gain in consolidated systems began to outdistance the rates of gain in multicampus universities. Some of the reasons for these differences in rate of gain depend on political influence more than on objective factors pertaining to the budget base or revenue patterns (Matsler 1988). A correlation exists between increased institutional visibility because of successful athletic teams and increases in state support (Coughlin and Erekson 1986).

Governors and Higher Education

Governors have always been involved in higher education, but until recently their role has been confined largely to their position as the state's chief executive. During the 1980s, governors emerged as visible, active policymakers with significant influence on higher and postsecondary education. Some former governors served critical roles relative to higher education (Atiyeh 1986; Dreyfus 1982; Newman 1985b; Robb 1982; Winter 1985). One informed observer posited that "within most states, the governor has now become the most important single person in higher education" (Kerr 1985, p. 47).

Governors' involvement in education is not only of recent origin. Early participants included Aycock of North Carolina, Montague and Swanson of Virginia, and Comer of Alabama, who served in the initial years of the 20th century (Krotseng 1987). Even earlier, however, were Governor William Davie of North Carolina, who founded the University of North Carolina in 1789, and Abraham Baldwin, who served as a state legislator and congressman from Georgia and worked for the chartering of the University of Georgia in 1785. Davie and Baldwin envisioned public universities as the capstone of an entire state system of public education with open access to all (Johnson 1987). The most accurate descriptor of such early governors is that of a "builder," a state official who used the power of the office to improve education by constructing new facilities and expanding state appropriations. Twenty governors who served since 1960 worked to advance education, and embraced concepts such as quality and excellence; many had some prior relationship with education before becoming governor. Many were able to obtain significant additional revenue for education, even by raising taxes.

Since midcentury, governors generally have become more involved in higher education, initially in providing leadership as states developed higher education systems, including community and two-year colleges. More recently, governors have become involved in issues of access and quality, system consolidation, and relations between public and private campuses (Zollinger 1985). Another recent issue focuses on states' economic conditions and how higher education might help improve a state's economy, particularly in areas involving technology, industrial development, and job training (Herzik 1985). During the 1970s and in some states during the 1980s, however, the condition of the economy and the status of higher education systems have been uneven and unfavorable. It is during such tenuous times that positive relations with key policymakers, such as governors, can be critical. Governors will have to grapple with seven particularly troublesome issues in the near future: contentious or conflicting relationships between public and private institutions, strained relationships between "the more elite and the less elite institutions" regarding such things as job training and conducting research, funding formulas for higher education, faculty unionization, shifts in the labor market, teacher education, and affirmative action (Kerr 1985, p. 49).

Traditional gubernatorial roles include serving as chief executive, chief budget officer, and chief opinion and political party leader—roles that have direct implications for higher education (Adler and Lane 1985). Chief executives not only appoint members to governing boards and councils but also approve or veto bills affecting higher education passed by state legislatures. Governors have great influence over budget issues. They approve or veto appropriations bills and fiscal legislation, and they have budget bureaus or administrative departments that review operating and capital budgets for higher education. Governors are opinion leaders and leaders of their political party. As such, governors speak for the state, travel throughout the state, and perhaps more than any other public official focus attention and mobilize public opinion on policy issues.

Governors' formal powers

The influence of governors and state legislatures on higher education has increased in recent years. In general, a trend toward increased centralization of authority has occurred in government at both state and federal levels. Governors have increased their powers over the formulation of policy, and the technical capacity of state legislatures has been enhanced. A composite index of governors' formal powers is shown in Table 2 (pages 390–392).

One measure of gubernatorial influence is the extent of formal powers over a number of specific areas (Beyle 1983). Budgetary power is the best-known of the formal powers, dealing with whether or not the governor shares budgetary powers with a civil servant or person appointed by someone other than the governor, with the legislature, with someone popularly elected, or with others. Another area involves how long the governor may serve and whether the governor can serve for more than a single term. A third area is the power of appointment, involving the state bureaucracy and agency personnel, including the higher education agency and those who serve on governing boards, coordinating boards, and councils. Governors have organizational powers regarding creating or abolishing offices, conferring organizational status, and providing access to key policy personnel. Veto power pertains to override by a majority of legislators present, by a majority of the entire legislative membership, or by a simple majority.

The extent of a governor's formal powers provides a framework for understanding the role and potential impact of the state's chief executive on higher education. Not all governors are powerful, as measured by formal powers, however. A structurally weak governor in a southern state achieved significant educational reform using a combination of resources, including skills in negotiating and building consensus among interest groups and legislators, demonstrated devotion to achieving reform in education, and shifting the need for educational reform to a high priority in his administration (Kearney 1987).

While the formal powers of governors and leadership skills are among the determinants of the relationship between state government and higher education, a more insightful notion in analyzing this relationship is to view both government and higher education as "semihierarchies." Each entity is a semihierarchy in relation to the other because each entity is only partially subordinate to the other (Zusman 1986). While the characteristics of this relationship vary among the states, one determining factor is whether or not the university has constitutional autonomy. If it does, as in California and Michigan, then the authority of each entity over the other is limited. The university has broad constitutional autonomy over academic decision making and institutional governance, but the legislature has constitutional and budgetary authority. In matters where conflict exists between the two, the authority of each is limited. Compensatory strategies may be adopted to circumvent lack of authority. These strategies include using authority in one area to gain control of another area, redefining issues to place them under another authority, or appealing to authorities, such as the courts (Zusman 1986).

Legislatures and higher education

State legislatures also have been revitalized, beginning in the 1950s (Pound 1986). At midcentury, state legislators were primarily part time, legislatures usually met biennially, and only a handful of states had legislative fiscal staffs. Since then, a 30-year reform movement in state legislatures resulted in a number of changes (Pipho 1988). First, 43 of the 50 state legislatures meet annually, and in the remaining states, legislatures meet in special sessions in the "off years." Second, the job of a state legislator is increasingly full time. While many state legislators hold other positions in business, law, education, or the professions, most find that the demands of the position of a state legislator require nearly a full-time commitment. Third, legislative staffing has changed appreciably in recent years. The traditional way to staff legislatures was to have a bipartisan central legislative council or agency draft bills, do research, and work in committee. Now, however, most legislative committees are staffed on both the majority and minority sides.

Legislative leaders have their own staffs, usually of considerable size and expertise, and legislators have personal staffs to handle the demands of their local constituents.

The importance of higher education to governors

Whether or not a governor is disposed to helping higher education or views higher education as a problem requires going beyond formal powers to unobtrusive measures. These measures include the attitude of the governor about higher education; the frequency of communication among the governor, legislative leaders, the head of the state's higher education agency, and university presidents; and whether or not the experience between that governor and higher education has been positive or negative.

One determinant in relationships between governors and higher education is whether or not the governor or gubernatorial candidate has previous experience in higher education or the schools. Charles Robb in Virginia and Thomas Kean in New Jersey, a former teacher, had experience chairing the Education Commission of the States, while one governor in the West was openly critical of higher education and viewed universities as "an ivory-tower society" (Mooney 1987a). More significant than prior experience in education, however, are governors' views about how higher education helped to stimulate the economy, improve job training, and increase research and development.

> But almost all [candidates] consider higher education to be a subject that now, more than ever before, deserves to be addressed along with such other basic state issues as economic development, prisons, taxes, and highway improvements. The reasons, say those who follow state education policies, have as much to do with regional economies as they do with a general desire among states to improve education (Mooney 1986, p. 15).

In the 1980s, the confluence of higher education's needs with the needs of many states, especially in areas of economic development and training, resulted in the ascendancy of higher education as a key policy issue. Every indication suggests that this situation will continue. The importance of higher education as a policy issue was confirmed in a 1986 national study involving responses from 32 governors (Gilley and Fulmer 1986). Forty-seven percent of the governors placed education at the top of their agendas, yet governors did not view campus presidents or the higher education associations in Washington, D.C., as their most important sources of information. Rather, they viewed the Education Commission of the States, the National Governors' Association, and their own education aides as more important. In another study, which used interview data from case studies in six states, state-level education leaders were viewed as having the opportunity to influence policymakers, especially if their positions were close to the top of the educational structure, but leaders in education generally did not have as much influence as those within state government. Perhaps one reason why educational leaders had less influence is that governors in more than one-third of the states appointed their own aides for education and higher education (Davis 1988).

The appointment of gubernatorial aides for education and the professionalization of state legislatures indicate that policy decisions are made in a complex and multifaceted arena. Governors are interested in higher education not only because of funding but also because higher education is an appealing policy issue in political campaigns, especially when candidates promise increased funding (Peebles 1986b). Further, higher education is the object of difficult and controversial state policy decisions, especially in states experiencing economic hardships. Such decisions appear to fall into a number of categories. First is the matter of budget reductions for higher education in circumstances of revenue shortfalls, reversions, and recisions. In a number of states, higher education has experienced serious midyear reductions because of revenue shortfalls. Such reductions open up a range of negative issues, including the magnitude of

TABLE 2

Combined Index of the Formal Powers of the Governors, 1981

		Tenure Potential	Appointive Powers	Budgetary Powers	Organizational Powers	Veto Powers	Total Index
Very strong	New York	5	5	5	4	5	24
	Hawaii	4	5	5	4	5	23
	Maryland	4	4	5	5	5	23
	Massachusetts	5	5	5	5	3	23
	Minnesota	5	5	5	3	5	23
	New Jersey	4	4	5	5	5	23
	Pennsylvania	4	5	5	4	5	23
	Utah	5	4	5	4	5	23
Strong	California	5	5	5	2	5	22
	Connecticut	5	3	5	4	5	22
	Illinois	5	5	5	2	5	22
	Michigan	5	2	5	5	5	22
	South Dakota	4	3	5	5	5	22
	Wyoming	5	4	5	3	5	22
	Arizona	5	3	5	3	5	21
	Colorado	5	3	5	3	5	21
	Delaware	4	4	5	3	5	21
	Idaho	5	3	5	3	5	21
	Iowa	5	4	5	2	5	21
	Alaska	4	1	5	5	5	20
	Maine	4	4	5	5	2	20
	Montana	5	3	5	4	3	20
	Tennessee	4	4	5	3	4	20
Moderate	Missouri	4	1	5	4	5	19
	Nebraska	4	4	5	1	5	19
	Ohio	4	3	5	2	5	19
	Virginia	3	4	5	4	3	19

	Wisconsin	5	3	5	3	3	19
	Florida	4	1	5	3	5	18
	Georgia	4	2	5	2	5	18
	Kansas	4	2	4	3	5	18
	Kentucky	3	4	5	2	4	18
	Louisiana	4	4	4	1	5	18
	North Dakota	5	1	5	2	5	18
	West Virginia	4	3	5	2	4	18
	Alabama	4	3	5	1	4	17
	Arkansas	2	4	5	2	4	17
	New Mexico	3	4	5	2	3	17
	Oklahoma	4	2	5	1	5	17
	Washington	5	2	5	2	3	17
	Indiana	4	5	5	1	1	16
	Oregon	4	1	5	3	3	16
	Rhode Island	2	4	5	3	2	16
	Vermont	2	4	5	3	2	16
	Nevada	4	3	5	1	2	15
	New Hampshire	2	1	5	4	2	14
	North Carolina	4	5	3	2	0	14
Weak	Mississippi	3	2	1	1	5	12
	Texas	5	1	1	1	3	11
	South Carolina	4	1	1	1	3	10
	Average score	4.1	3.2	4.7	2.9	4.1	19.0

Scales included Tenure Potential from very strong (four-year term, no restraint on reelection—5 points) to very weak (two-year term, one reelection permitted—1 point); Appointive Powers from very strong (with the governor appointing state officials—5 points) to very weak (appointed by department director, board, legislature, or civil service—1 point—or elected by popular vote—0 points); Budgetary Powers from very strong (governor having full responsibility—5 points) to very weak (governor shares responsibility with another popularly elected official—1 point); Organizational Powers from very strong (5 points) to very weak (1 point), depending on governors' powers to create/abolish offices and to assign purposes, authorities, and duties; and Veto Powers from very strong (item veto plus at least three-fifths of legislature to override—5 points) to weak (no veto of any kind—0 points).

Source: Beyle 1983, pp. 458-59. From Virginia Gray, Herbert Jacob, and Kenneth N. Vines, eds., *Politics in the American States: A Comparative Analysis*, 4th ed. Copyright © 1983 by Virginia Gray, Herbert Jacob, and Kenneth N. Vines. Reprinted by permission of Scott, Foresman and Company.

reductions and where and how to reduce operating budgets, about which state and higher education leaders negotiate, often in disagreement (Jaschik 1987f, 1987l; Mooney 1987e). Governing board members, governors, and legislative leaders in a number of states have disagreed publicly about these matters (Jaschik 1987o). While media accounts may exaggerate these issues somewhat, one might speculate whether such disagreements are temporary or whether they will be the cause of longer-term friction that may surface in other places.

A second area of controversy deals with charges of impropriety, grand jury and other investigations, and allegations against higher education officials (Jaschik 1987a). Apart from the issue of guilt or innocence, these actions and allegations bring increased public scrutiny to higher education. Third, instances of conflicts and public argument over selection of CEOs for higher education at the state level and even campus presidencies have increased in both number and intensity (McCain 1986). Some level of discord would be expected over the selection of state agency heads; however, the amount of disagreement and the nature of the conflicts, including disagreements between the governor and the legislature and others involving vocal members of governing boards, bring a new level of tension to higher education at the state level. Oregon is a case in point when the governor asked the chancellor to resign; although the governor does not appoint the chancellor, he and others were influential when finalists for the chancellor's position either withdrew or were rejected by the Board of Higher Education (Blumenstyk 1988). A case at the campus level involved the dismissal of a president in Texas, officially for "philosophical differences" with the board but allegedly for political differences between the governor and the president. The dismissed president commented, "[The governor] didn't like my politics, and he didn't like my friends . . . . The governor denies it, of course, but a former top member of his staff privately confirmed it. 'It was politics, all right,' he told me" (Hardesty 1988, p. 1).

Whether or not state support of higher education will increase likely will depend on the success of the efforts in the economic sector. The success of reinvigorating the state's economy and higher education in New Jersey is a case in point. When Thomas Kean was elected in 1981, New Jersey's economy was deteriorated and its public sector heavily bureaucratized. The keys in New Jersey's transformation were "a steady determination and a statewide collaboration involving the governor, higher education officials, business leaders, and legislators" (Mooney 1987b, p. 20). The state initiated programs involving competitive and challenge grants, targeted research monies to academic fields allied with growth industries, and passed legislation in 1986 giving increased autonomy to state colleges. The legislation on autonomy transferred authority to colleges to set tuition and purchase supplies. Along with efforts to improve quality and implement an assessment program involving students and colleges, state-level higher education leaders aggressively pursued a program to enhance participation by minorities. Thus, one can see collaborative efforts simultaneously on two fronts: the state and higher education joining together to link campuses with economic development, and the joint enhancement of quality and performance, with greater participation of minorities in higher education.

Governors and educational reform

While economic development and higher education captured the interest of governors, the topic of educational reform grew in significance as a critical policy issue. When the governors' 1991 report on education, *Time for Results,* was released in 1986, the chair, Governor Lamar Alexander, pointed out the direction to be followed:

> The Governors are ready to provide the leadership needed to get results on the hard issues that confront the better schools movement. We are ready to lead the second wave of reform in American public education (National Governors' Association 1986, p. 2).

Of the seven task forces formed, one dealt directly with higher education: the Task Force on College Quality. It was charged with answering the question, "How much are college students really learning?" Chaired by Governor John Ashcroft of Missouri, the task force examined college assessment of student learning. In 1987, *Results in Education* provided an overview of progress in state policy in each of the seven areas (National Governors' Association 1987b). With regard to college quality, seven states in 1987 were listed as revising or developing role and mission statements for higher education. Progress reports will be issued each year through 1991, when a final report will be published.

Lobbying for Higher Education

Before the 1980s, lobbying for higher education was characterized by passivity and ineffectiveness at the federal level (Brademas 1987; Moynihan 1980), and it was not well understood at the state level (Gove and Carpenter 1977). That situation began to change in the mid-1970s, although accounts of higher education's effective lobbying did not appear in the literature until more recently. At the federal level in the mid-1970s, a politically astute staff was hired at the American Council on Education, and more coordinated activities were initiated involving the "Big Six," the major, federal-level higher education associations. The associations' successful impact was felt with passage of the Education Amendments of 1976, the tax credits and Middle-Income Student Assistance Act of 1978, and the Higher Education Reauthorization Act of 1980 (Bloland 1985). Higher education began to have "a respectable political presence in Washington" (O'Keefe 1985). At the state level, lobbying involved major institutions and higher education systems, although lobbying was not analyzed in any systematic fashion.

In 1980, the White House changed ideologically to a mood favoring deregulation and decentralization and annual federal assaults on student aid, including Pell grants and student loans. Relations between the federal government and higher education became what one editor described as "government by confrontation" (A. Bernstein 1985), and the effects of conservatism on higher education began to be felt. Among these effects were continued governmental attempts to reduce the magnitude of student financial aid, to reduce governmental support for basic research, and to emphasize excellence—not necessarily at the expense of access, despite interpretations to the contrary (Morgan 1983). These developments at the federal level had far-reaching ramifications for the states, including reductions on the campus as a result of the inability to increase state support because federal funds were cut, shifting additional costs to students in the form of higher tuition, and reducing programs because of increased measures to cut costs.

State-level lobbying

Lobbying for higher education at the state level has been more decentralized and more institutionally based than lobbying at the federal level. Higher education associations play a significant role in lobbying at both federal and state levels, but at the state level, associations use the talents and resources of institutions in their quest for resources. A prime example of the effectiveness of a state-level higher education agency is the success of the New England Board of Higher Education in obtaining a three-year competitive grant from the Fund for the Improvement of Post-Secondary Education. The purpose of the grant was to use "informed analysis of comparative data to educate the legislators on the connection between public investment in higher education and economic development" (M. Bernstein 1985). The project informed legislators about higher education and its actual as well as potential role in stimulating economic development in New England. A survey was taken of state legislators about their knowledge and preferences regarding economic development and higher education. Policy briefings were held with legislators in the six New England states, followed by publication of the proceedings of each briefing. Periodic reports were made to a legislative council. The project not only increased awareness of the role that higher education could play in economic development but also created collaborative relations between lawmakers and educators, thus building a foundation for increased opportunities for higher education.

The traditional approach to lobbying has been to confine it to a small number of influential individuals with a strong institutional or community base who, in the interests of their institution or group of institutions, persuade legislators to pass appropriations bills. Increasingly, it is recognized that this traditional approach to lobbying has limited returns. The "new style of lobbying" features broad-based coalitions and relations with potential allies outside higher education. It makes wider use of focused communications targeted toward diverse audiences to increase a state's resources and broaden the budgetary base not simply in narrow self-interest.

> Higher education appropriations do not exist in a policy vacuum. If public colleges and universities are to receive adequate state funding in an era of scarce resources and increasing demands, they must be as concerned about the size of the total revenue pie as they are about the proportion of their individual slice. For any state agency, practicing status quo politics probably means accepting a fixed fraction of a shrinking whole. Public higher education, then, must direct some of its political attention to policies aimed at increasing state revenues (E. Jones 1984, p. 11).

The lobbying process

The literature on lobbying for higher education has grown appreciably since the 1970s. A 1980 review of the literature found a limited number of sources on lobbying at the state level (Hines and Hartmark 1980). Now one can find multiple sources written by higher education officials on the mechanics of lobbying (Angel 1980; Gupta 1985; Kennedy 1981; Martorana and Broomall 1983; Rabineau 1984; Shaw and Brown 1981) as well as essays by lawmakers on how, why, where, and when to lobby (Ford 1980; Heftel 1984; Holmes 1983). These articles are oriented toward involvement: how and where higher education can take the initiative to become more involved with state and federal representatives. This literature does little to answer the more subtle questions of self-interest versus collective interest, however: How are conflicts between and among institutions resolved? Can fundamental differences between public and private campuses be worked out *within* higher education before issues reach a public forum? How will law makers benefit from the additional resources committed to higher education? This latter issue is especially significant in the area of economic development. Increased investment of public funds in higher education toward the goal of increased economic development is predicated on the assumption that there will be a payoff, that economic activity will increase, that the tax base will expand, and that revenue will increase.

A limited number of more detailed cases on state-level lobbying appear in the literature. One case focuses on higher education's reaction to the populist tax-reduction initiatives in California: Proposition 13 in 1978 and Proposition 9 in 1980 (Breunig 1980). In 1978, the passage of Proposition 13 reduced California's property taxes by $7 billion, and in turn the state reduced the budgets of the campuses in the three systems in California. Proposition 9 would have reduced the state personal income tax by an average of 54 percent. The passage of Proposition 13 was the result of a combination of a tax revolt by the public and the inability of higher education to communicate to the public the resulting impact of the reduced budget. The failure of Proposition 9, on the other hand, was largely the result of higher education's organized and effective response and the public's negative reaction to what were characterized as excessive tactics by proponents of tax reduction.

Two other cases include daily chronicles in the lives of lobbyists. One case deals with the approach taken by representatives of the University of Miami in Tallahassee (the Medical School at the university receives an appropriation from the state). The approach involves establishing a physical location in the state capital, creating a telecommunications network with the university, staying abreast of legislative bills daily, and using a complex network of personal connections through the university and in the community (Clarke 1981). Of particular interest are examples of direct connections to the governor (who had resided in Miami), work with statewide associations and organizations, and coalitions with others having similar interests. The other case involves the assistant to the president and lobbyist for Weber State College, who worked in the Utah legislature for passage of an appropriations bill for higher education. Of particular importance are establishing trust with legislators, providing accurate and reliable information, maximizing communications among law makers and educators, and building coalitions (Mooney 1987c).

Another case deals with a successful grass-roots campaign by Dowling College, a small liberal arts college on Long Island, for passage of state legislation to increase Bundy Aid, the state appropriation to private colleges and universities based on the number of degrees granted. Dowling's success came as the result of a carefully organized campaign to mobilize major constituent groups, including college trustees, alumni, faculty, staff, parents of students, local business people, and students (Recer 1980). Of interest is a statement about the "multiplier," the assumption that when elected officials receive a letter, 99 other people probably have similar views.

Finally, *The Chronicle of Higher Education* contains reports about the success in Texas to have state appropriations increased. Lobbying by Texas campuses increased markedly in the state legislature, and higher education was able to be represented by powerful allies external to the academy. Prominent among supporters were the lieutenant governor and business people in the state, who formed a political action committee on behalf of higher education that activated a group called "Grassroots Texas" (Jaschik 1987j). In a series of whistle-stop tours throughout the state, participants talked about "their willingness to pay higher taxes, the problems facing higher education, and the role of colleges in improving the state's economy" (Jaschik 1987j, p. 24). A grass-roots campaign in Illinois to promote an increase in the state income tax also was successful, as judged by legislators, but a tax increase did not pass for the second consecutive year because of the inability of the Republican governor and Democratic legislative leaders to agree on a tax increase and reform of Chicago public schools.

The downside of lobbying

Increased lobbying can lead to a number of problems within higher education and between higher education and its constituents. In 1987, a rift occurred between college presidents and bookstore managers regarding the lobbying of the latter about the unrelated business income portion of the IRS Tax Code. Presidents and their subordinates found themselves on opposite sides of the issue (Jaschik 1987c). Even stronger feelings exist over the question of whether or not higher education should establish political action committees (Wilson 1987). Proponents argue that higher education needs the strength and aggressiveness represented by such committees. Opponents note that PACs are immoral and inappropriate for higher education.

> For us, politics is something to be talked about, even as a reputable academic discipline, but not to be engaged in. . . . Politics is an inescapable part of any human enterprise. Ken it comes to Washington politics, higher education should either play the game to the full—with integrity, to be sure—or work to change the rules. To play with half a deck is to hide from the realities of a complex society (O'Keefe 1985, p. 13).

Another problem is that higher education officials may have limited impact on governors and legislators. In 1986, a national survey of governors found that governors listen to their own staff aides, the Education Commission of the States, and the National Governors' Association more than they do to campus presidents and to state and federal higher education associations (Gilley and Fulmer 1986).

Still another problem related to lobbying is that it places severe demands on those involved, including chief executive officers. In fact, some have speculated that such stress may be one reason for short-term presidencies. Since 1980, the average tenure for a president of one of the 149 universities associated with the National Association of State Universities and LandGrant Colleges dropped from 4.6 to 4.2 years (Davis 1988).

Accountability, Autonomy, and Regulation

In the early 1970s, accountability was a watchword for a debate that focused on the responsibility of higher education to public authorities. It occurred following a period when higher education had been criticized because of student protests and campus upheavals. Increased administrative accountability, it was thought, would bring about greater organizational control over dissident students and faculty. At that time, accountability was viewed as a means to achieve greater efficiency and to enhance administrative control. Accountability, to some, had external and internal dimensions (Mortimer 1972). Because of the public nature of colleges and universities as social institutions, they were viewed as needing to be answerable to the public interest through budget and information-reporting mechanisms involving the executive branch and the state legislature.

An examination of the evolving relationship between state government and higher education noted that academic freedom is a fundamental characteristic necessary for effective teaching and learning, protected by substantive autonomy that is the power of an institution to govern itself without outside controls (Berdahl 1971). Substantive autonomy, the freedom to protect the academic core of the institution, deals with who is to be admitted, what is to be taught, and how it would be evaluated. *Procedural autonomy,* in contrast, refers to establishing categories in the budget, conducting required postaudits of appropriated funds, and formulating common definitions of terms viewed as being within the state's interest.

Along with the expansion of higher education in the 1960s and 1970s came regulations dealing with social legislation—employment policies, occupational safety and health concerns, and policies dealing with admissions, accreditation, and finance (Fleming 1978). Proponents of regulation saw higher education as an area where the disenfranchised needed redress in employment, remuneration, and opportunity. Opponents viewed regulation as excessive and intrusive and higher education victimized by external requirements. Analysis of the state laws affecting higher education between 1900 and 1971 showed that these laws increased in number over time but also that more laws increased the flexibility accorded higher education. The conclusion was that there was no tendency for legislatures in four states involved in the study—New Jersey, New Hampshire, Tennessee, and Washington—to intrude into higher education and to restrict institutional autonomy (Fisher 1988b). Accountability was recognized as having multiple facets occurring in different policy domains: systemic accountability dealing with the fundamental purposes of higher education, substantive accountability pertaining to values and norms, programmatic accountability dealing with academic and other programs, procedural accountability dealing with administrative and institutional procedures, and fiduciary accountability pertaining to finance (Hartmark and Hines 1986). The increasing complexity of these regulations caused some to wonder whether the combined effect of procedural controls was beginning to diminish the substantive autonomy needed by institutions (Glenny and Bowen 1977; Mortimer 1987).

One illustration of how state legislatures implemented procedures for accountability is the performance audit, defined as an "assessment of how effectively an activity or organization achieves its goals and objectives . . . a natural extension of fiscal and management audits, going beyond relatively narrow questions about how funds are used to questions about effectiveness" (Floyd 1982, p. 33). Expansion of legislative interest in higher education occurred during the 1960s and 1970s when legislative program evaluation sections were added to the National Conference of State Legislatures and to more than 40 state legislatures (Folger and Berdahl 1988). Legislative audits can involve pre-audits, such as examination of authorized proposed expenditures for need and efficiency; process or procedural audits, which focus on internal evaluation processes in determining such things as relevance and effectiveness of a program; and postaudits, which measure the extent to which legislative intent has been achieved. One author concluded that these audits have limited campus autonomy more than achieving desired objectives (Dressel 1980).

In a more positive assessment, the postaudit was consistent with the need to focus on results with selective studies that stress evaluation of outcomes by identifying goals and objectives and measurement indicators (Berdahl 1977). Focused efforts perhaps are better accomplished by institutions themselves through program review; more intensive evaluation of the legislative program has the potential to "collapse of overambition" (Berdahl 1977, p. 61). One conclusion, based on visits to seven states to examine the form and extent of evaluation of state higher education systems, including governing boards and agencies, found that legislative performance audits had a number of limitations (Folger and Berdahl 1988). First, performance audits tend to ignore the broader state system in which higher education functions, thus not capturing some of the most important elements. Second, performance audits tend to focus on the structure of the state higher education agency more than on functional concerns like the effectiveness of planning, evaluation, and allocating resources. A third limitation is that the evaluators may be persons who are inexperienced or unqualified to make judgments about complex and sensitive higher education issues. Fourth, performance audits may be motivated by factors related more to politics than to an objective and comprehensive consideration of all elements involved.

In the 1980s, excessive requirements for accountability began to be viewed as governmental intrusion (Bok 1982). At the same time, it was recognized that government had a legitimate reason for involvement in higher education. The government has three reasons to want to curtail institutional autonomy: Government has a legitimate position because of its major role in funding, universities are a central institution in the life of a nation and must come under some public control, and higher educational institutions are not unique and should legitimately come under some degree of centralized coordination (Winchester 1985).

While some governmental involvement is inevitable and beneficial, governmental intrusion can be inappropriate, dysfunctional, and bureaucratic, ideological, or political in nature (Newman 1987a). Inappropriate bureaucratic intrusion comes from overregulation, such as that in the State University of New York before legislation that restored flexibility to system management. Inappropriate ideological intrusion involves substantive issues dealing with course content and violation of First Amendment freedoms. Ideological intrusion can occur because of actions initiated by universities or their representatives and not necessarily from outside forces. Disallowing free speech through protest and physical intervention are examples. Inappropriate political intrusion occurs when someone in government intercedes in decision making because of political interest. Examples include hiring a trustee or employee through patronage or constructing a building on an improper site. Intrusion may take place "either to secure ends that in themselves are inappropriate or to secure appropriate ends through inappropriate means" (Newman 1987a, pp. 29–30).

How does one strike a balance between institutional autonomy and accountability to the state? "What becomes clear is that the real need is not simply for more autonomy but for a relationship between the university and the state that is constructive for both, built up over a long period of time by careful attention on the part of all parties" (Newman 1987a, p. xiii). The appropriate role for the state in higher education is to protect the public's interest through mechanisms for accountability and to create a climate where institutions of higher education thrive. This climate will be characterized by the qualities of aspiration, tradition, and leadership.

Aspiration is the desire and the intent to excel: "to improve quality, to do more research, to attract better students—but within the boundaries of an appropriate mission" (Newman 1987a, p. 90). Tradition involves political culture, including the way in which the state interacts with higher education, develops mutual respect, and supports the achievement of goals. Leadership involves a vision for improving higher education and state government.

These conceptualizations recognize the dynamic interplay between the campus and government. Complete accountability and absolute autonomy are unattainable—and perhaps undesirable. Under complete accountability, the campus would become a state agency subject to controls and procedures affecting other agencies. Complete autonomy, on the other hand, ignores the legitimate interest of public agencies and does not benefit from the positive reform agenda suggested by forces external to higher education.

> The key issue in governance is not whether colleges and universities are accountable, nor is it whether they can in some mystical fashion be autonomous. Rather the issue is where the line should be drawn between the campus and the state; and, most especially, how can we separate out trivial interference with essential confrontation (Boyer 1982, p. 4).

One essay noted that higher education had lived in "relative isolation" until midcentury, when the expansion of higher education really began, and "state government took the lead in this expansion" (Carnegie Foundation 1982, p. 37). The governance of higher education became more complex and new layers of decision making were added. The essay cautioned, however, that "to impose suffocating requirements on colleges at a time when flexibility is required is the wrong prescription. . . . The nation's campuses must be given incentives to achieve efficiency in the management of their affairs" (p. 44).

Deregulating higher education

Deregulation is one issue in higher education about which many people agree. While many claim that higher education is overregulated and that there should be less of it, far fewer know what life would be like under deregulation.

> Why shouldn't universities be administered like state agencies? We do not have good answers to this question. . . . Why should an institution of higher education be treated any differently from any other state agency? . . . Some leaders simply do not know what they would do with more flexibility or autonomy if they had it (Mortimer 1987, pp. 22–24).

Since the middle of the 20th century, regulation has increased with the expansion of higher education. The theory of regulation rests on the premise that legislatures lack the technical capacity to fulfill their responsibilities without delegating some authority to special bodies that have the necessary expertise in selected areas (Hobbs 1978). One such area is higher education, where governmental controls are likely to increase because of legislative interest in three areas: giving the public an accounting of the large amount of money involved in the support of higher education; bringing political pressure to bear in applying social legislation to problems in institutions; and coordinating higher education to reduce or to avoid duplication of programs (Hobbs 1978). In a number of respects, higher education functions like a regulated industry. The state higher education agency has considerable control over students, institutions, and programs, exercising influence over the mix and distribution of services as well as new offerings of programs and courses and exercising control over changes in technology or procedures, such as setting class size. The state agency influences the production of degrees. It monitors, if not controls, prices charged to consumers. And it influences institutional size (Thompson and Zumeta 1981).

A rationale also exists against regulation, stated by a question about whether quality and accountability are destroying what we want to preserve and assertions that administrators and trustees are smothered with legalities and directives from state and federal governments. Excessive government requirements for information give the illusion, not the reality, of accountability and efficiency. Higher education is infected with "creeping centralization by shifting authority imperceptibly from campus to coordinating agencies to the state house" (Enarson 1980, p. 7). Others have spoken out against government control (Fishbein 1978), noting that relationships among persons, institutions, and government are damaged by preoccupation with procedural and regulatory requirements (Ketter 1978), that the costs exceed the benefits of regulation (Sloan Commission 1980), that higher education has too much rigidity and bureaucracy imposed from without (Callan 1984), and that state regulations and bureaucracy are an impediment to "the improvement of institutional efficiency" (Mingle 1983, p. 5). Yet it is not enough for higher education officials to complain about excessive regulation and expect that legislators will pass laws that facilitate flexibility. Higher education must make its own case for flexibility. It must identify specific areas where additional flexibility in management is needed and what improvements should result (Callan 1984; Mortimer 1987).

While calls for deregulating higher education abound, the methods of deregulation need to move away from global assertions and focus on specific items. A major area of concern is about fiscal controls and pleas by institutions for additional flexibility in management. Five specific areas have been enumerated where flexibility is needed: institutional authority to carry funds forward from one year to the next, to expend excess income, and to invest funds; authority to procure, contract for, and dispose of property, and to determine personnel policy; authority to reallocate funds among categories of appropriation during the budget year; authority to review and to set policy in sensitive areas like purchasing equipment and funding travel; and authority to monitor or hire through position control (Mingle 1983).

A certain amount of control by the state agency over higher education is inevitable, given higher education's size, funding, and links to government. No such thing as total institutional autonomy—no external controls over higher education—exists (Dressel 1980), yet in the early 1980s, observers recognized that higher education encountered too much intrusion from government. The state exerts control over higher education in five specific areas: restricting institutional authority to reallocate funds among categories of expenditures during the fiscal year; regulating purchasing, personnel, and capital construction; regulating retention and management of local revenues, including tuition and fees; requiring that unexpended fund balances be returned to the state; and requiring preaudits of institutional operations (Hyatt and Santiago 1984).

Deregulation has occurred in a number of states. Idaho changed its controls over appropriations from a line-item appropriation based on full-time enrollments to a lump-sum appropriation to the governing board for public institutions. Kentucky passed a bill giving individual campuses more flexibility in purchasing, capital construction, real estate acquisition, accounting, auditing, and payroll. In Maryland, a task force appointed by the governor recommended that campuses be given more discretion in using budgeted funds, in providing incentives for external fund raising, and in implementing more streamlined procedures for submission and execution of their budgets. In Connecticut, a new tuition fund gives the University of Connecticut authority to set tuition and to retain revenues from tuition. Based on a study that found that New York State gave SUNY campuses little autonomy in fiscal, personnel, and programmatic areas (Independent Commission 1985), New York passed legislation to increase the flexibility of the state university and to decrease state controls over it.

The effects of deregulation

The effects of deregulation have been documented in the literature. In Colorado, for example, deregulation focused primarily on the process by which higher education institutions were funded. In 1981, the legislature ratified an agreement between its Joint Budget Committee and all public institutions of higher education in the state. Labeled the "Memorandum of Understanding," the agreement transferred responsibility for financial management from the legislature to the institutional governing boards (McCoy 1983). The memorandum set forth four principles: (1) each governing board should have the final authority for setting levels of expenditure for institutions; (2) the level of state appropriations should be based on general fund support per FTE student rather than on line items based on past funding trends; (3) each governing board should set tuition levels for institutions; and (4) each governing board should be able to retain and roll over cash revenues generated within institutions (Tancredo 1984). While the memorandum shifted authority from the legislature to the governing boards in fiscal affairs, a problem resulted between personnel policy and fiscal policy when the state set pay increases for classified staff without increasing appropriations to pay for them. As a result, tuition levels increased rapidly (McCoy 1984).

A project supported by the Fund for the Improvement of Post-Secondary Education and completed at the Education Commission of the States examined incentives for management flexibility and quality in higher education. The resulting *Catalog of Changes* identified broad policy changes that occurred in Colorado and Minnesota and more specific policy changes that occurred in 13 states (Folger and McGuinness 1984). "Institutional operations are most effective when spending decisions are made close to operations, and when officials have the responsibility for managing their own resources" (p. 2). The most common approaches to improving quality have been to provide special funds for improvement in specific areas, such as engineering, science, or libraries; to deemphasize enrollment-driven aid formulas; and to provide special endowments to attract scholars. In the areas pertaining to specific policies, 12 of the 13 examples dealt with program or institutional funding; one was concerned with testing students to help improve students' basic competency in mathematics.

Deregulation is a complex and sensitive area, and additional empirical studies are needed to assess the results on providing more flexibility in management to institutions. J. Fredericks Volkwein has conducted the longest-running research of this topic, examining the effects of regulation and autonomy on a number of different measures of quality, cost, and administrative organization for a population of 86 universities (from the approximately 120 campuses in the Carnegie classification of public research universities in each state, including each of the flagship universities).

First, Volkwein set out to examine the relationships between state oversight and campus costs. Using data on administrative expenditures, administrative salaries, and "administrative elaborateness" (measured by the number of vice presidents and deans), Volkwein found virtually no differences among those campuses having a high degree of autonomy versus those campuses with heavy oversight by the state. The study did find, however, that less-regulated campuses depended less on state appropriations and were more able to develop alternative sources of revenue, such as grants, contracts, gifts, and endowments (1986b).

Second, Volkwein examined the relationship between academic and financial flexibility and academic quality. Academic quality was measured by five variables: faculty reputational ratings, research funding, and Barron's, Cass and Birnbaum's, and Fiske's ratings of academic and campus quality. Academic flexibility was measured by six variables from the 1982 Carnegie survey, and financial flexibility was composed of nine items from a 1983 Volkwein survey. Academic quality was found to be correlated with the level of state appropriations and with campus size but not with academic or financial flexibility. Freedom from external academic and financial control, therefore, was not found to be associated with faculty and student quality (1986a).

Following the second study, Volkwein formulated a number of hypotheses to explain the results. Three of the hypotheses were explained in a third study, which investigated the relationship between autonomy and changes in quality of the graduate program, undergraduate selectivity, and external funding (Volkwein 1989). Changes and differences in quality were associated with differences in generosity of state funding and campus size, not with autonomy. These findings held true not only for the total sample of 86 public universities over time, but also for those receiving below-average state support and for those receiving above-average support. Under conditions of financial stringency and of generous support, "campus autonomy has virtually no meaningful association with measures of quality; instead, the sizes and resource bases of public universities appear to hold the keys to quality" (Volkwein 1989).

Finally, Volkwein summarized the literature on the topic and examined the correlates of state regulation and autonomy (1987). He found that state controls were more common in states with a heavy tax burden, a low proportion of school-age children, a stronger state agency for higher education, an effective and well-staffed legislature, and a high proportion of private universities. Autonomy and quality were found to be statistically unrelated because they appear to have different causes. Regulation derives largely from political factors, whereas quality derives mainly from economic factors; "while political factors may be more influential in producing regulation, university quality may be more clearly a result of state investment" (Volkwein 1989).

With reference to Colorado's efforts in strengthening governing boards and improving budget practices, a similar point was made about the importance of funding to campuses in general and about flexibility in particular:

> The greatest loss of flexibility to institutional managers in recent years has not come from intrusive state controls of an insensitive bureaucracy. The greatest loss of flexibility has come from inadequate funding. If you keep having dollars taken away from you, there's less and less flexibility in your situation (Callan 1984, p. 7).

Summary

The state higher education agency is in a key position to provide and to facilitate leadership for higher education in the states. No single best way exists to organize a state structure for higher education. What is needed is an understanding of the history and circumstances in a state, the needs of higher education and state government, and the key actors inside and outside higher education who will be involved in determining policy.

Multicampus universities continue to be a major segment of American higher education, representing one-third of the total number of campuses and over half of the total student enrollment nationwide. Trustees and members of governing boards are key policymakers for higher education. More often than not, they speak for higher education in the state. They have the opportunity to buffer higher education from inappropriate intrusion that may be bureaucratic, ideological, or political in nature. Too often, however, governors and legislators are involved in the selection of chancellors and presidents for political rather than educational ends.

Of the many actors and officials whose functions have influence in higher education, none are more important to higher education than governors; in fact, some believe that the governor has become the single most important person in higher education. Lobbying has increased in frequency and intensity and effectiveness in recent years. A newer style of lobbying features building broad-based coalitions, identifying people outside higher education who might be potential allies, engaging in extensive communications, and broadening the budget base not just for higher education but for increased public services in general. Increased lobbying, however, has propelled higher education into a more general political arena, which brings with it increased scrutiny of the academy, heightened role stress for campus presidents, and the potential for alignments that might affect higher education negatively at some future time.

The debate continues about accountability to the public and the need for campus autonomy in higher education. In the 1980s, the form of this issue has been transformed into an argument about intrusion into campus matters. While observers seldom disagree about the disadvantages of intrusion, the critical questions are who is intruding in what area and with what effect? The era of deregulation has affected campuses primarily in new legislation and administrative practices that have increased managerial flexibility, and the actions have had positive effects thus far. While regulation stems largely from political elements, quality derives primarily from economic factors, such as the generosity of state funding and the ability of the institution to develop alternative sources of revenue.

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Effective Coordination of Higher Education: What is it? Why is it so difficult to achieve?

JAMES R. MINGLE

The effective "coordination" of higher education has been one of the enduring goals of state policymakers during the past 30 years. There now exists in nearly every state an appointed lay board or commission whose responsibilities include "coordination" of at least major segments of the higher education system.

In the case of the 15 SREB states, four states (Georgia, Mississippi, North Carolina, West Virginia) have consolidated governing boards; 10 states (Alabama, Arkansas, Kentucky, Louisiana, Maryland, Oklahoma, South Carolina, Tennessee, Texas, Virginia) have coordinating boards. Florida has a multiple coordinating structure, with a statewide planning commission, a consolidated university system board, a community college board, and a state board of education that has responsibility for pre-school through post-doctoral education. Consolidated and governing boards in the SREB states vary widely in their statutory authority and scope.

Nationally, the states are about evenly divided between consolidated boards for at least the four-year institutions and regulatory or advisory coordinating boards.

If coordination is "alive and well," as a noted higher education authority declared in a recent essay on the subject, ***why do so many states seem dissatisfied with their higher education systems?***

In the past year alone four SREB states (Maryland, Oklahoma, South Carolina, and Texas) have had special study commissions recommend substantial changes in how higher education is coordinated. The 1987 Texas legislature approved the recommended changes. Substantial revisions appear likely in Maryland in 1988. In addition, Arkansas has two separate studies of higher education now underway. In Alabama, many groups are discussing changes in the higher education system; the governor's plan is before the legislature. The 1987 gubernatorial campaign in Louisiana featured pledges by nearly all candidates—including the state's new governor—to change the state higher education system in some way. Half of the recommendations of a consultants' report on higher education in South Carolina pertained to strengthening the Commission on Higher Education. Several of those recommendations are before the 1988 legislature. The governor of West Virginia has periodically proposed sweeping changes for the board of regents, which is currently being reviewed by the legislature as part of the state's "sunset" process.

What are the sources of this concern about the coordination of higher education? And what are the solutions to achieve that elusive goal of "effective coordination"?

Why state higher education boards? How have they changed?

The fact that states have a limited number of tax dollars, and that there has always been competition for these dollars, have been prime reasons that legislatures created state higher education boards. Through periods of both expansion and contraction, states have turned to state boards to coordinate the system.

As early as the late nineteenth century, many of the Western states and more sparsely populated Southern states created single, or consolidated, governing board systems. Later, new units were incorporated into the systems. Other consolidated systems were created during the 1930s, in response to economic problems, and shortly after World War II, in response to growth. In contrast, states with larger populations and a more diverse set of institutions in the public sector (Some of them formerly private and municipally supported) often created coordinating boards which had advisory and sometimes limited regulatory authority.

Several states created new state boards or strengthened existing ones during the 1960s. Their primary responsibility was to manage the tremendous enrollment growth and consequent building boom. Success was only partial, however. Collectively, legislators may have given these state boards a mandate but, individually, legislators retained the prerogative to push for new campuses and programs which would benefit their districts.

By the end of the 1970s, the procedures for state coordination in most states were well developed: "master planning" that set the boundaries for program growth; program approval and review processes, not unlike accreditation reviews, used mostly for rationalizing growth, sometimes for quality control, rarely for retrenchment; funding formulas and capital expenditure priorities aimed at replacing the old politically dominated distribution system; and, more recently, licensing and consumer protection regulations to insure minimal standards among the growing number of new private and proprietary institutions seeking access to state and federal financial aid programs.

Both coordinating and governing boards greatly expanded their data collection and management information systems in the 1970s, a trend which has continued. These new data systems were important for state boards that often depended primarily on policy analysis rather than traditional lobbying efforts to persuade governors and legislators.

Some state boards took on new administrative responsibilities in the '70s because the legislature found that attaching these new programs to existing boards was cheaper than creating new agencies. State boards found themselves running grant and loan programs, work-study programs, counseling programs, articulation councils, library networks, data processing centers, licensing offices, telecommunications networks, and even nontraditional degree programs. In addition, many found themselves acting on behalf of federal agencies to assure compliance to desegregation orders from the courts and the Office of Civil Rights.

In the 1980s state boards began to see their role undergo a significant transition. Academic issues, especially admission and graduation standards, received more attention as state boards struggled with the dilemmas of balancing access and quality concerns. The school reform movement, initiated in the early 1980s, began to spill over into higher education, and state boards sought ways to be a force for change in such areas as teacher education, high school graduation standards, and preparation of students for college.

State interest in economic development and job creation also put new pressures on state higher education boards as they sought to end the isolationist attitude of many institutional faculties toward applied research and to close relationships with the business community. Some state boards began to tilt decisively toward the advocacy side of the equation and in the process gained new power and leverage over the distribution of state dollars.

What are the different types of state higher education boards?

Rather than ideal types, states have created coordinating and governing agencies to fit the particular conditions of their state and, more importantly, to fit with other pre-existing structures and boards. The powers of state boards, their composition, and their selection are also dictated by the needs of the executive and/or legislative branch. Some coordinating boards, for example, serve primarily as advisors to the legislature; others are closely tied to the executive branch through a strong gubernatorial role in board appointments and the presence of the board's chief executive officer on the governor's cabinet. In a few cases, these CEOs of state boards serve at the pleasure of the governor or must obtain periodic reappointment by the governor.

While some states have clearly separated coordinating and governance functions among state and sector boards, others have placed coordination and governance responsibilities in a single board. A few states have essentially no lay board for coordination. The general patterns and characteristics of boards are outlined below.

Advisory Coordinating Boards. Often combined with governance structures for large systems of similar institutions (e.g. universities, state colleges, community college), these boards usually have budgetary and program review responsibilities that are advisory to the legislature. They may have additional responsibilities for student aid and licensing of the independent and proprietary institutions. Their strengths include emphasis on comprehensive long-range planning, policy analysis, and consumer advocacy, especially on such issues as student aid and articulation. Through negotiation and public persuasion they can be effective in bringing the various interested parties together. Their weaknesses are related to their inability to implement their planning recommendations.

Regulatory Coordinating Boards. These boards usually exist in states with diverse and autonomous institutions governed by separate boards or systems. They often gain their regulatory powers out of legislative frustration over excessive competition for state support. Their strongest roles have been in budget development through equitable formulas and program approval powers aimed at controlling duplication. Their strengths are in their comprehensive approach to planning—for example, in recognizing the contributions of independent and proprietary institutions. They attempt to present a balanced view, combining institutional advocacy with public accountability concerns. Regulatory coordinating boards (and advisory coordinating boards) that successfully present a "balanced view" may consistently please neither the legislative nor executive branches nor the campus leaders. Support from these groups may therefore be shallow and, on difficult issues, the boards' recommendations may be ignored or rejected. The weaknesses of regulatory coordinating boards are in their limited ability to directly affect institutional priorities through the budget and, from an institutional perspective, their lack of legitimacy in academic affairs.

Consolidated Governing Boards. These boards were originally most often used in small states with relatively homogeneous sets of institutions and small independent sectors. They are now found in other states and vary greatly in both their comprehensiveness and centralization. Chief executive officers may or may not have the responsibility to select and evaluate campus executive officers. Some systems combine central boards with local advisory boards. In these cases the state board often plays a similar role to that of a regulatory coordinating board. Their strengths are in the areas of role and mission development, budget development, and reallocation. Until recently they have had only minimal involvement in such issues as enrollment and admissions policies and the review of existing academic programs, which were left to campuses. Some consolidated boards have kept their central staffs relatively small and have dealt directly with campus CEOs. Others have a tendency toward large central staffs and layers of bureaucracy. As strong institutional advocates for the units in their system, they may overlook their coordinating responsibilities, especially for the independent and proprietary sectors.

Discontent with the "System"

Despite impressive accomplishments during the past 30 years, state coordination and governance remain the subject of considerable discontent. The sources are both institutional and legislative, and often reflect long-standing unresolved, and sometimes unresolvable, issues in the system of higher education as a whole.

The sources of the dissatisfaction are also a byproduct of the increasingly complex and sometimes competitive environment of policymaking in the states. Legislative and executive branch staffs concerned with education issues have grown in size and sophistication. Institutions themselves have organized into mini-systems and their central staffs have grown accordingly. Most importantly, education emerged as a major political issue of the 1980s. Governors, seeking to influence the agenda of educators, looked to state boards for assistance.

One of the devices that has been used repeatedly to spotlight educational reform has been the "blue ribbon task force," usually a mixed group of legislators, business leaders, and other lay citizens who have made recommendations for both substantive and structural changes. In any given year during the past decade, several states could be found undertaking such studies. Some state boards have viewed their prerogatives and legislative mandates as preempted by these blue ribbon committees, but most have worked cooperatively with them, providing staff support and direction. Because of their composition and short duration, the ad hoc commissions are often in a position to be heard when the more institutionalized state boards are not. They are also in the tradition of ad hoc commissions created by strong political leaders who find the established bureaucracies not to their liking.

The substance of those reports as well as the public statements of governors and legislatures are often peculiar to an individual state. However, there are a number of themes and conflicts which can be found across states.

Conflicts Among Regions within States. Because of demographic shifts, some rapidly growing urban areas believe that they are underserved, especially in access to professional and graduate programs which are often located in more isolated locations. The complaints of the urban areas have grown with the support of local business leaders arguing the necessity of expansion in order to attract new high-tech industries. But this expansion is often neither politically nor economically feasible. The expansion may also violate some of the basic tenets of coordination—namely, rational divisions of labor. Solutions such as joint programs or telecommunications hook-ups are usually unsatisfying to the growing, ambitious, urban institutions and the legislators from those areas.

Not Enough Differences in the Missions of Senior Colleges. To many governors and legislators, all institutions look and sound alike and compete for the same programs and students. The most recent task force reports from the SREB states reinforce this long-standing issue. While none mention the California higher education system, most show a desire to move in that direction—institutions and sectors set along a clear hierarchy through differential admissions policies and degree responsibilities. The most common recommendations are to limit undergraduate enrollments in flagship institutions, raise admissions standards in these institutions, and bolster their research competitiveness through increased faculty salaries and designated state research funds. State boards, both coordinating and governing, are sometimes seen as a roadblock as they seek to protect the funding of the more politically vulnerable regional state colleges and two-year institutions.

Unnecessary Duplication. This is a long-standing complaint of legislators who look at the array of programs offered in higher education and ask legitimately whether all are necessary. This perception of great duplication often leads to increased statutory authority in state boards to approve new programs and to review and terminate existing ones. State boards usually begin by examining degree productivity and often, with institutional cooperation, terminate large numbers of programs that produce few or no degrees. When only small or no cost savings are achieved with these program reviews, legislative skepticism increases. Less common are qualitative program reviews that examine such factors as institutional capacity and societal need.

Some of the criticisms about duplication have merit, others do not. Unable to do anything about major areas of duplication—for example, in professional schools or vocation education—state boards under legislative pressure may concentrate on less significant but more politically vulnerable fields. Furthermore, the other side of "unnecessary duplication" is the "necessary duplication" which reflects the fundamental similarity of the educational process across institutions. Concern about duplication and low productivity may also be a stalking horse for unexpressed concerns about faculty productivity, program quality, and/or a perceived over commitment to access.

Unmet State Needs. Legislators and governors may look to higher education to help solve what they see as their state's most pressing problems, and when institutions appear to be unconcerned, they turn to state boards. Issues vary from year to year, often reflecting the economic and social environment of the state. Most recently, state boards have struggled to find ways to involve higher education in state economic development efforts and to contribute to school reform. If state boards are unresponsive to these "public" issues, the overall support for higher education may be adversely affected. On the other hand, state boards can be too responsive—for example, by embracing special incentive funding to the detriment of the base budget—and be the subject of legitimate criticism from institutions.

Failure to Fund Quality. Established originally to develop equitable funding systems which would make "workload" the foundation of higher education budgets and allocations, state boards are sometimes criticized as a leveling influence that is "anti-quality." They are also accused of sending the wrong signals about the need for continued numerical growth as opposed to qualitative growth. Legislative frustration over the fixed nature of many higher education costs and the failure of institutions to set priorities is also directed at the boards.

Bureaucratic Roadblocks. The charge of "red tape and bureaucracy" has been a long-standing complaint against state boards. It is most often evident over the reporting and data collection mandates which support budget and program review. While campus officials seldom describe statewide coordinating boards in glowing terms, they generally appear to be even more wary of consolidated governing boards, which are likely to be larger and more intimately involved in management issues. Both coordinating and governing boards are sometimes viewed as "clogging up the system" through rules and regulations aimed at standardization.

The most serious complaints from institutions about bureaucracy have been directed at state governments and the legislatures, not state higher education coordinating or governing boards. In fact, state boards have often been strong advocates of deregulation. In the early 1980s several state coordinating boards (including boards in Maryland and Kentucky) worked to gain greater autonomy of campuses. The result has been additional campus flexibility in funds management in such areas as purchasing, hiring, and contracting.

State boards are supportive of this deregulation because legislative and executive branch oversight activities often duplicate the responsibilities that supposedly have been delegated to the state boards. The credibility of budget review by coordinating boards, for example, may be undermined by large executive office budget reviews that ignore the state board recommendations and formulas. This proliferation of budget accountability causes many institutions to oppose all new forms of oversight, including those granted to lay boards.

Limitations of Today's State Boards.

None of the themes and criticisms discussed above are new. So what are the underlying causes of discontent? Some of the discontent is inherent in the tensions between higher education and the state, which will never be resolved—or in the words of one noted educator, "a dilemma we cannot rationally wish to resolve"—since the public interest requires both autonomy and accountability from institutions of higher education.

Other causes may stem from the unwillingness of a legislature to delegate clear authority to the state board, or a governor's failure to appoint influential citizens to the board, or a board's failure to select outstanding staff. Despite increased responsibilities and expectations from the legislature, many state board staffs have remained relatively small (some have only a handful of people) and poorly paid when compared to campus administrators. This is especially true of coordinating boards whose staffs are considered part of state government and subject to salary and personnel policies governing other state employees.

The domain of state boards also remains restricted, both by statutory authority and tradition. Even relatively powerful coordinating and governing boards have approached academic quality

Effective Organization and Coordination of Higher Education

Excerpts from a statement to a Maryland legislative committee dealing with higher education by Winfred L. Godwin, President Southern Regional Education Board

In 1961, the Southern Regional Education Board called on all its member states to establish or strengthen a state-level board for higher education. All SREB states now have an appointed lay board or commission whose responsibilities include coordination of at least major segments of the higher education system.

The important coordinating functions of these boards have evolved into four major activities: (1) planning; (2) budget review; (3) program review and institutional licensing; and (4) policy analysis. These major activities lead to several important questions.

> *Are there essential responsibilities and authorities for a state higher education board if it is to be effective in these four major areas?* (This recognizes that an agency could have these responsibilities and authorities and still not be effective, but without them it stands much less of a chance of being successful.)
>
> *Are there essential responsibilities and authorities that the legislature or governor should have, or delegate, in order to have an effective, coordinated system of higher education?*
>
> *Are there responsibilities that state higher education boards should not have because they detract from the central task of the agency to provide leadership for effective coordination?*

With these questions in mind, let me offer several related observations.

1. If the governor and legislature do not have confidence in existing arrangements for coordinating the state's higher education system, it is time to devise new arrangements. When confidence is truly lacking, cosmetic changes will not suffice.

Continued

2. Public higher education is a public enterprise, meaning that elected state officials have a legitimate role to play in creating, fine-tuning, and making effective arrangements/procedures for coordination. The executive and the legislative branches, in playing their legitimate roles, need to be objective and recognize that there is a point at which their legitimate involvement might diminish the chances of a state system of higher education to attain distinctive quality.
3. Effective coordination requires (a structure for governance of institutions that meets the needs of both the state and its institutions, and (b) workable procedures to deal with ongoing needs of the system—planning to meet state needs, differentiation of missions of various institutions, financial adequacy and efficiency, to mention several important ones.
   Effective coordination also requires that a state have certain clearly identifiable goals for its higher education system.
   While governance and coordination are different matters, they should be considered together. For both to be effective, one cannot be defective.
4. There is no model from elsewhere that can be imported "to solve" problems in a given state. Such problems must be addressed in light of a state's own special circumstances, history, and traditions. By the same token, assertions that one particular set of arrangements/procedures is inherently superior to another should be viewed with skepticism.
5. State-level arrangements for higher education will never be satisfactory to either higher education or the state unless those lay persons serving on boards and charged with responsibilities for the welfare of the system include the state's leading citizens. State boards typically have not been composed of the most prominent persons in a state. Stated differently, positions on such boards have not been as highly valued as those on trustee boards of flagship universities. This must change if state systems are to become as effective as many elected officials think necessary.

What will work? An outsider cannot prescribe. What is likely to work is (a) a plan that attracts broad political and educational support, (b) a plan that the state is willing to give sufficient time—say at least 10 years—to succeed, (c) a plan that creates a body to which the state's top citizens are appointed.

issues with caution. In the area of budgeting, many coordinating boards find themselves limited to an advisory role which is often ignored by the legislature and/or executive branch. One director of a state higher education board described boards as "speed bumps" to slow new program proposals that were propelled by enthusiastic boosters rather than state needs. Statewide governing boards. while having a stronger budget development and allocation role, can be composed of factions that have a first allegiance to individual campuses and regions.

Governance Proposals

While the shortcomings of the system as a whole are not viewed totally as a failure of the state board, blue ribbon commissions often look to changes in governance structures as a way of "fixing the problem."

"Leadership" is a strong and persistent theme from many sources, and certainly from governors. As the visibility importance of higher education increases, so does the desire for a single spokesperson with whom the governor can relate. Not only do governors want quality institutions, they want some influence over those institutions and some credit for their accomplishments. By reorganizing the system they can also gain the ability to influence higher education more directly—primarily through board appointments.

One of the solutions often discussed is the "super board"—a consolidated system of at least public four-year institutions. Such proposals usually meet with opposition from local boards and their allies, although if the political or economic crisis is great, these institutions can be persuaded to seek shelter in the arms of stronger boards with constitutional autonomy. Despite numerous proposals for consolidation, however, in the past 15 years only one state—Massachusetts—has adopted a consolidated board. (Wisconsin implemented its consolidated system in 1973, North Carolina in 1971.) The proposals have been rejected for several reasons: strong commitments to the value of local boards: the constitutional status of an existing board, requiring subsumption of other boards within that structure: or objection from those institutions and sectors left out of the consolidation—most prominent being the independent and proprietary sector—who fear that the advocacy role that governing, boards play will mean a neglect of broader public policy issues such as student aid and program duplication.

Consolidated boards seldom end the struggle between institutions, but move it out of the legislature and into the board room, which is often a welcome relief for both sides. In order to keep the peace, as well as meet the legitimate demands of various parts of the system, the consolidated board becomes as interested in equity as its counterpart coordinating body. Disparities between the flagship university and other campuses become more obvious with the resulting pressures to lower faculty workloads in the new sister campuses and raise administrative salaries closer to par with the university president. Struggles over program scope are fought out within the system, but if one institution or region is neglected, frustration may grow and resurface in the legislature with tacit support from campus administrators seeking ways around the system.

One of the reservations that institutions legitimately have toward reorganization plans is the disruption it causes. New statewide boards may spend several years organizing and establishing policies that will confront the issues that brought about their creation in the first place.

Many observers of statewide coordination and governance have described the debate over centralization the choice between campus autonomy and system authority. But the strengthening of state board's—whether coordinating or governing—has been primarily a delegation of power from the legislature to an appointed lay board not a usurpation of campus autonomy. Lay boards that establish limitations on institutional missions and establish priorities for state funding limit legislative action more than institutional action. After all, legislators only appropriate state dollars—the primary target of state boards as well. Campus leaders and faculty, even under the most centralized systems maintain great flexibility over a wide range of other monies—from federal and private grant sources, endowments, tuition revenues, and auxiliary enterprises.

Reorganization may also have little to do with "ideal" systems. The ability of state boards to effect change in a system depends on a number of factors beyond their statutory or constitutional authority. The force of personality of the executive officer, the political acumen of the board members, and the quality and thoughtfulness of the staff work all play a role in determining whether or not the state board can implement its agenda and mandate. While reorganization proposals seldom discuss these more subtle and personal issues, they often play an important role in deciding that an existing board and structure should be replaced by different, and hopefully, more able personalities.

Effective Coordination: What Is It?

Effective coordination begins with the goals of the state and its citizens. In large part, these goals are in congruence with institutional goals—the development of high quality instruction and research and public service programs that are widely accessible at a reasonable cost. Coordination through state boards is essentially an effort to achieve these goals across the system and to insure continued public support by providing assurances of accountability and efficiency. Coordination and planning exist in the absence of the traditional market forces that produce high quality goods at the lowest possible cost in the private sector.

State boards should be the focal point for the development of higher education policy, but then share that responsibility broadly—with the executive and legislative branches and their ad hoc committees and commissions, and with the institutional leaders and faculties they seek to coordinate.

This power sharing, dictates widespread participation in the planning, budgeting, and program review processes. Without this participation, change will be difficult if not impossible to achieve, regardless of statutory authority.

The Legislative Mandate. Effective coordination requires clear and unambiguous mandates from the legislature to the state board. Since the legislature is the ultimate "coordinator" of public higher education in the state, it must decide to what degree it wishes to delegate that authority to lay boards. Most have decided for good reason that the state benefits from the delegation of decisions about the role and mission of institutions, its array of academic programs, and its funding distribution system. No state board, no matter how autonomous, is free to ignore legislative intent and discontent.

Authorities and Functions. The statutory or constitutional authorities delegated to state boards do not determine the *effectiveness* of the board, but they do dictate whether or not the state board has the prerequisite ability to play an essential role.

The coordinating functions of all three types of state boards have evolved into four major activities: planning, budget review, program review and institutional licensing, and policy analysis.

Planning. The major planning activities of state boards are usually divided into (1) master planning and (2) long-range strategic planning. Master planning is focused on role and mission development which is used to guide future program growth and campus priorities as well as admissions and enrollment policies. Many state boards have chosen to do this through explicit statements aimed at defining the missions of the individual institutions. The boundaries of institutional activity are set in terms of degree and program levels, geography, and student body characteristics. Role and mission statements are not essential to effective master planning. In fact, in some situations, they may lead to unnecessary conflict over symbolic issues. It is essential, however, that state boards be guided by a reasonably coherent philosophy in their decisions on programs, budgets, and facilities. In recent years, some state boards have strengthened their emphasis on admissions and remediation policies and begun to use enrollment management tools in order to force institutions to have and adhere to different missions. A few state boards, with legislative support, have begun to implement their master plans through special funding—for example, to increase the attention of some institutions to undergraduate education.

Another effective process to gain consensus on master plans is through legislative approval of at least the overall framework. The recent Texas "charter," the product of a state-appointed blue ribbon commission, was formally endorsed by the legislature. The Texas Coordinating Board will be charged with implementing the charter.

Long-range strategic planning is issue-oriented and aimed at identifying future conditions that may need the attention of campuses and/or the legislature. Future demand for higher education is identified through enrollment projections and analysis of demographic data. Labor market trends are used to guide program growth. Possible shortages/surpluses are identified, and legislation is considered for stimulating growth or contraction. Current and future trends can be compared to the current emphasis in the system to note possible problems.

Budget Review. The development of equitable formulas or policies for the distribution of funds is often seen as the most critical function of a state board. These formulas and policies provide a rational basis for the distribution of funds according to workload and mission. State boards should also play an important role in determining systemwide priorities for new monies—both capital and operational. This effectiveness is increased in some situations when the state board helps anticipate those needs and controls and manages a portion of the state appropriation to meet those systemwide needs—for example, through competitive grant funding.

In a legitimate desire to provide financial incentives for quality improvement, some enthusiastic supporters of flagship institutions are calling for an end to any relationship with enrollment and workload. However, the best state boards will resist the more extreme versions of "quality" funding and adjust formulas on the margin to encourage these concerns.

Statewide governing boards should also have the ability to transfer funds among campuses (for example, to give declining campuses a chance to adjust and growing campuses additional support above the formula). In all cases, the effectiveness of the state board in reviewing budgets and setting priorities depends upon internal discipline (commitment of the campuses to the systemwide budget) and the willingness of the legislature and executive budget office to respect the formula and distribution processes established.

In the future, state boards will need to strengthen their financial planning. This may require more explicit authority for state boards over tuition and student aid policy so that these issues can be considered along with recommendations and policies on state appropriations.

Program Review and Institutional Licensure. One of the most common and essential responsibilities given state boards is authority to approve new programs and, in some cases, new campuses. In this way, the board can seek to control unnecessary duplication and assure that at least minimal academic standards can be maintained and that excessive competition among institutions and among campuses (and between public and independent sectors) can be controlled. The review of existing programs has also been effectively used by both coordinating and governing boards—including those in several SREB states (Florida, Louisiana, North Carolina, and others). By examining the productivity and quality of all programs in particular fields at a single point in time, these reviews provide a mechanism for establishing statewide priorities and accountability. Furthermore, these statewide reviews can be tied to the goals established in the master planning process.

A review of all the state's existing programs, however, can be a costly and time-consuming process. The best statewide reviews have concentrated on a few "problem" fields. They have identified both high quality programs which should be the target of incentive funding as well as those which should be phased out because of low quality and low productivity. Campus involvement is critical for success and acceptance, especially in the selection of consultants and establishing procedural guidelines. (Some statewide coordinating boards with program review authority have established general guidelines and criteria and asked the institutions to report the results of their reviews periodically to the state board.)

Effective program review by a state board is often welcomed—at least privately—by campus leaders who have been unable to make these priority-setting decisions themselves because of internal opposition.

One of the necessities of state boards in the future will be to increase their expertise and legitimacy in areas formerly reserved to faculty—for example, in curriculum and assessment and in professional areas such as health-related fields and applied research. Boards can do this by upgrading their own staffs and more effectively using faculty from the system and other external consultants.

One of the most essential responsibilities of state boards is the licensing of new institutions in the state, primarily proprietary schools. Strong consumer protection legislation will protect students and public resources, especially the abuse of student aid dollars.

Policy Analysis. This function covers a wide range of analyses targeted at current issues facing the state. Many issues involve several groups and bring the state higher education board into discussions with other state agencies—for example, the state board of education or executive office of economic development or a state telecommunications network. Policy analysis is one of the most constructive and valuable functions of the state board, for these reports and discussions serve to break down the barriers between sectors and focus attention on long-term issues that campuses may be avoiding. Studies and programs that get schools and colleges working together on specific problems are good examples.

The Importance of Focus and Process

State boards—both coordinating and governing—have many possible agendas that can consume their time. Boards, regardless of statutory authority, must choose carefully among a long list of possible activities. Governing boards may find their agendas filled with administrative trivia while the "big" issues escape their attention. Coordinating boards may become so enamored of long-range planning that they are viewed as irrelevant to the current policy decisions.

In all cases, the state board, in order to be effective, must confront the issues that are high on the public's agenda. At the same time, legislators and governors should recognize that much of the important business of state coordination is routine, unexciting, and less visible than campus activities. Many effective leaders of state boards find a way to give others credit for their hard work. These less visible state boards need to find ways to remind the public of their important work.

An effective state board will not end conflict in the state. In fact, its statutory authority and perspective often put it in healthy opposition to particular campus objectives. The way in which state boards conduct their business, however, can redirect campus creativity to the benefit of the system as a whole. In this regard *effective* state coordinating and governing boards are much alike—they are leaders and initiators and also collaborators, negotiators, coalition builders, conveners, cajolers, and persuaders.

Boards with these characteristics should and will be successful. They will be valued by public officials as being responsive and supported by campus leaders as being protective. In short, they will meet the needs of the state and its people.

State-Level Centralization and Policy Innovation in U.S. Postsecondary Education

JAMES C. HEARN AND CAROLYN P. GRISWOLD

In 1950, a clear majority of U.S. states had either no formal organizational oversight over their public postsecondary education sectors or only weak voluntary associations in that role (Berdahl, 1975). In the ensuing decades, in the face of rapid nationwide increases in enrollment and funding, a number of policy experts advocated the establishment of strong coordinating boards or consolidated statewide governing boards in higher education in states without such boards, under the rationale that adopting coordinating board or consolidated governing board arrangements would lead to more effective state policymaking in the changing postsecondary education arena.[1] Under the more centralized organizational forms, the argument went, poorly informed, inadequately coordinated actions would be replaced by knowledgeable planning, adaptation, and policy development (Glenny, 1959; T. R. McConnell, 1962; Millard, 1980). This article pursues a test of this proposition, investigating the relationships between state-level governance arrangements and various kinds of policy innovation in higher education.

The Emergence and Development of Statewide Governing Arrangements

Although some statewide boards were established before 1950, the real growth in statewide coordination of public higher education began in the 1950s. The growing size and complexity of public higher education caused increased political infighting for resources and increased lobbying by institutions. In response, legislators demanded expert, neutral evaluation of institutional needs. The size of state government was also growing, leading to efforts to consolidate as many functions as possible. These structural and financial factors prompted many states, especially the less affluent states, to set up formal coordinating structures (Glenny, 1959; T. R. McConnell, 1962; Millard, 1980). In the 1960s, higher education continued to grow rapidly, contributing further to the pressures for coordination (Mortimer & McConnell, 1982). All told, the growth between 1950 and 1970 was dramatic: Only 16 states had a consolidated governing board or a coordinating board with regulatory power in 1950, but by 1970 that number had more than doubled (Berdahl, 1975).

In the 1970s, it became increasingly clear that growth in enrollments and complexity were not the only spurs to centralization: Statewide boards continued to increase in number, even though the rates of growth in enrollment and financial support slowed. Federal legislation played a part in this: Section 1202 of the federal higher education amendments of 1972 increased states' attention to planning and coordination in postsecondary education and led many to expand existing agencies or establish new state "1202" committees (Millard, 1980; Mortimer & McConnell, 1982).

During the late 1970s and early 1980s, the pace of change in statewide coordination and control slowed somewhat but continued in the direction of centralization. Several states adopted centralized approaches for the first time, and a few others strengthened their existing centralized arrangements by giving existing coordinating boards new budgetary or program-approval authority or by replacing their coordinating boards with more powerful consolidated governing boards. By the mid-1980s, 27 states had either a consolidated governing board or a coordinating board with authority over both budgets and program approvals (McGuinness, 1988). Twelve other states had a coordinating board with authority over either budgets or program approvals.

The trend toward establishment of empower coordinating boards or consolidated governing boards has been deplored by some. In the 1970s, a report by the Carnegie Foundation for the Advancement of Teaching [CFAT] expressed "regret" about the trend toward centralizing power, especially through regulatory agencies (1976, p. 11). The Carnegie authors perceived that campus constituents had lost influence in, and felt less responsibility for, campus concerns. Furthermore, they noted, centralization, while costing more, could not be shown to have improved

> policies and practices. No provable case can thus be made that higher education is in any way better because of the centralization, except, where it has taken place, in the one area of careful advance academic planning for higher education as a whole. (p. 11)

Concerns expressed elsewhere included loss of autonomy and the increased duplication and dispersion of the functions of the flagship university (T. R. McConnell, 1962). Thus, a consistent theme in the critical literature has been concern that the conjunction of regulation, bureaucracy, and coordination may potentially threaten traditional hegemony of favored institutions (Volkwein, 1987). Despite these concerns, the movement toward coordination has been seen as inevitable by CFAT and others (T. R. McConnell, 1962; Millett 1984), especially in the context of the frequent perception that previous structures had failed in meeting important needs (Education Commission of the States [ECS], 1986; Hines, 1988, McGuinness, 1988).

Little of the literature arguing over the merits of the movement toward statewide coordination has been based in systematic empirical analysis. For example, there have been relatively few studies examining the correlates and outcomes of the different governing systems (French & Berdahl, 1980; Volkwein, 1987). One reason for this, perhaps, is difficulty in precisely defining the phenomenon at hand. Although the number of centralized governing arrangements has grown rapidly since the 1940s, the structures used to achieve coordination are not uniform, and there are significant differences among types of agencies in different states. Agencies may be distinguished by the specific nature of their governing and coordinating roles, their advisory and regulatory powers, the extent of their functional powers (e.g., over planning, budgeting, programming, and personnel decisions), and their span of institutional control and coordination (e.g., over all public institutions vs. over only 4-year institutions and universities).

Millard (1980) developed an extensive classification based on these attributes, with three basic categories: consolidated governing boards, coordinating boards, and executive appointed agencies. As Millard stresses, however, simply noting the existence of a coordinating board alone does not adequately capture a state's governance arrangement. A number of authors have broken down the kinds of coordinating boards, focusing on the extent of their authority. Millett (1975) uses the phrase "advisory boards" to denote those coordinating boards without significant authority over programs or budgets. Using similar logic, CFAT (1976) notes four patterns in coordination of public institutions, including no agency at all, a consolidated board, and two forms of coordinating arrangements: a regulatory agency and an "advisory council" with little or no real authority. Dressel (1980) and Mortimer and McConnell (1982) pursue similar schemes.

Naturally, any classification scheme is subject to dispute. As Berdahl (1975) suggests, the distinctions among different types of governance arrangements are often blurred, and systems are sometimes classified differently by different authors. The complexities of state political and bureaucratic arrangements make gathering data on, and classifying, postsecondary governance structures quite difficult. Given this ambiguity, those seeking order are perhaps best served by turning to the categorization produced by Aims McGuinness (1988) under the auspices of ECS. Because this categorization is more recent than others cited above, and because it was constructed on the basis of ECS's ongoing, close interactions with state boards and agencies around the country, it appears to be the most frequently cited in the literature of the past few years. Under the ECS scheme, consolidated governing boards are those having legal responsibility for the ongoing governance of one or more sectors of postsecondary education within a state. States with consolidated boards give one board legal governing authority over the operation and management of most or all of their public institutions. In contrast, other states create distinct boards to govern their different public systems and institutions and rely on other kinds of bodies for coordination and oversight. The most powerful such bodies are the state coordinating boards. These agencies do not have the governing boards' legal responsibility for management and operation, but most often do have some authority over program approval, institutional budgets, or both. These relatively empowered coordinating boards represent a significantly more centralized approach than the purely advisory coordinating boards, which have no regulatory authority over either program approval or budgeting. In the ECS categorization, those weaker coordinating boards, in turn, hold more power than the "planning agencies" present in some states. Table 1 summarizes the ECS classification, which is current as of 1987.

Of course, there may be subtle differences in structures at levels below the state board; in some state structures, there are important sub-boards and committees (McGuinness, 1988). Any attempt to study the effects of different board arrangements on state outcomes can be frustrated by such variations, as well as by the confounding of board influences with other potentially influential factors such as the state's size, population density, economic resources, K–12 education system, private higher education context, history, politics, leadership personalities, formal and informal power relationships among different parties (e.g., between legislature and governor), growth patterns, tax burden, fiscal constraints, historical understandings and relationships, and social and economic setting (Berdahl, 1975; Floyd, 1982; French & Berdahl, 1980; McGuinness, 1988; Millard, 1980; Mortimer & McConnell, 1982; Volkwein, 1987).

Still, despite the inherent challenges, the topic of the influences of governing arrangements is an important one well worth pursuing. Each state has invested scarce resources in one or the other of the various governing alternatives, in the faith that postsecondary education and the state's social and economic future are best served in that fashion. In light of that ongoing investment, and also in light of the ongoing debates concerning which structures are "best," there is surely a place for further empirical analysis of the results of these important choices by the 50 states. The first step in addressing the relative lack of systematic investigation of the topic is the development of a defensible conceptual framework for such study.

Governance Arrangements and Policy Innovation: A Conceptual Framework

Has the adoption of more centralized governance arrangements in postsecondary education influenced the nature of the policy climate in the states, as Glenny, Millett, and other policy experts have argued? In particular, have more effective policies been developed and implemented in those states with the more clearly centralized arrangements? No definitive answer is possible without intensive case studies of each of the states, in all their diversity. Systematic examination of empirical patterns across the states can provide some clues, however.

TABLE 1

Postsecondary Education Governance Arrangements in the 50 States as of 1987

Governing board arrangements		Coordinating board arrangements					
Over all public postsecondary institutions (*n* = 12)	Over 4-year public postsecondary institutions (*n* = 7)	With authority over budgets and program approval (*n* = 8)	With authority over budgets only (*n* = 1)	With authority over program approval only (*n* = 11)	With no authority over budgets or program approval (*n* = 3)	Planning agency (*n* = 4)	Mixed governance arrangements (*n* = 4)
Georgia	Arizona	Alabama	Arkansas	Colorado	California	Delaware	Alaska
Hawaii	Iowa	Connecticut		Indiana	Minnesota	Michigan	Florida
Idaho	Kansas	Illinois		Kentucky	New Mexico	Nebraska	New Hampshire
Maine	Mississippi	Maryland		Louisiana		Vermont	Oregon
Massachusetts	North Carolina	New Jersey		Missouri			
Montana	Wisconsin	Ohio		New York			
Nevada	Wyoming	Oklahoma		Pennsylvania			
North Dakota		South Carolina		Tennessee			
Rhode Island				Texas			
South Dakota				Virginia			
Utah				Washington			
West Virginia							

Note: The source for this information is McGuinness (1988, pp. 3–8). Coordinating boards having authority over budgeting, program approval, or both are termed "strong coordinating boards" in the analysis.

The specific focus of the present analysis—the distribution of policy innovation across the 50 states—merits some discussion. Policy innovation in and of itself is, of course, neither necessarily good nor necessarily progressive. Still, the context for postsecondary education in this era is arguably one both producing and calling for substantive policy change. Resources are extraordinarily tight, and higher education often represents the single largest item of discretionary spending in a state's budget (Zusman, 1986). As a consequence, colleges are under increased scrutiny by the public and legislators (Hines, 1988; Jacobson, 1992; Jaschik, 1992; Layzell & Lyddon, 1990; Lively, 1992a; Mooney, 1992). In many states, this context has led directly to substantive, novel policy action on a wide variety of fronts.

For example, policymakers concerned over the quality of postsecondary graduates in their states imposed new outcome assessment programs on their public institutions in the 1980s (Boyer, Ewell, Finney, & Mingle, 1987; Muffo, 1992).[2] Similarly, since the early 1980s, concerns over the nation's ability to compete in international markets have brought increased attention to the problems of elementary-secondary education. Many states have considered or implemented changes in certification requirements for teachers, with the aim of improving the states' pool of teachers (Lively, 1992b; Nice, 1984; Peters, 1992). Other innovations receiving attention at the state level have been programs requiring tests of the language capabilities of graduate teaching assistants (Monoson & Thomas, 1993; Rubin, 1992), programs designed to improve the affordability of higher education (Blumenstyk, 1992; McGuinness, 1991; Merisotis, 1991), laws making the vandalism of animal-research facilities a crime, and efforts to decrease colleges' competitive advantages, via tax laws, in the sale of computers, office supplies, and other arguably unrelated business products and services (D. E. McConnell, Henkin, & Helms, 1991).

Such moves are substantive innovations in postsecondary policy. That is, they are qualitatively distinct actions, not changes at the margins to existing structures and processes. Certainly, improving the day-to-day management of a work-study program offering financial aid for college students, or even expanding the funding for such a program, can be seen as innovative, particularly in woebegone contexts. But here, we are more concerned with new ideas, not variations on old themes. For example, designing and offering a prepaid college tuition plan qualifies under the definition, but improving or expanding an existing work-study program does not. It should be stressed that innovation of the kind studied here is not necessarily good or bad, but it is far more palpable, and therefore far more straightforward to investigate, than change at the margin. The question of which organizational forms succeed best in day-to-day governance and management is beyond the scope of this analysis.

That being said, what can be assayed about the role of postsecondary governance bodies in non-marginal, substantive innovation in the states? Such bodies, in truth, are themselves only sometimes the originators or the driving forces behind breakaway innovations in postsecondary policy. Sometimes, innovations focused on other aspects of state policy affect aspects of the postsecondary system but are not driven by concerns within that sector. For example, concerns over educational quality at the K–12 level often lead reformers to consider changes in requirements for teachers, which in turn affect postsecondary education systems and institutions. Similarly, concerns over business conditions can lead to reform in the taxation and regulation of college-connected businesses, which in turn can affect institutional finances. Often, governors and legislators are the instigators of such innovations, and, usually, those same officials also have final authority for formally approving and initiating such moves (Hines, 1988; Layzell & Lyddon, 1990). Nevertheless, officials of postsecondary governing and coordinating boards can unquestionably be central players in the emergence of postsecondary policy innovation efforts, in the nature of the innovations under consideration, and in the political success of innovation proponents and opponents. Even when they do not originate in postsecondary governance bodies, postsecondary-related reforms are affected by the policy actors and climates in such bodies and by the existing body of regulations and authority connected with those bodies.

In particular, officials in postsecondary governance bodies can serve as mediators, negotiators, analysts, "fine tuners," and facilitators in the debates surrounding prospective innovations.

They may even serve as initiators of policy ideas. John Brandl, a University of Minnesota public-policy professor and longtime state legislator, has noted that coordinating boards, in particular, have come to play a more proactive role in recent years:

> Invented for the purpose of bringing coherence to what in the years of expansion became a melange of postsecondary institutions, these boards also have the less obvious corollary function of providing an agenda to an executive who might otherwise not have one. (Brandl, 1988, p. 18)

Others in the states' legislative and executive branches are more likely to be directly involved in the actual *making* of policy, and others outside both government and academe may lobby a state for changes in the postsecondary arena, but board authorities serve as active participants in policy debates, as significant agents in implementing policy, and, more generally, as important actors in postsecondary policy contexts. As Glenny (1966) has noted, such officials are more than simply channels of communication between institutions and politicians: They can exert positive leadership in reconciling the larger public's interests, imperfectly expressed through elected leaders, and the interests of the legitimately autonomous public colleges and universities. It is no exaggeration to suggest that governance agencies can and often do help propel or block innovations. They therefore must be viewed as potentially critical factors in a state's consideration of change in the postsecondary arena.

This view fits into the theoretical conception of Kingdon (1984), whose work focuses on the unique, often unpredictable interplay of varying organizational and political forces in individual political outcomes. In keeping with Kingdon's view, we see governance arrangements not as ultimately determining forces in rationally organized political systems, but rather as potentially influential forces among a welter of potentially influential forces. The implications of this perspective for conceptualizing the research at hand are that, although some notion of causation in a given policy debate in a given policy setting can be ascertained, sweeping generalizations about influence across settings and situations must be undertaken cautiously. In Kingdon's terms, the "policy stream" raises some actors to power in some decision situations, but it is rare for a given body or agency or interest to be able to claim consistently a preordained superior level of power in public-policy debates.

From this perspective, the examination of a wide range of policy innovations across all 50 states can reveal only tendencies suggestive of causal influences for governance arrangements, not the workings of any given policy decision. For example, while such analysis might find that, overall, states with planning agencies seem very unlikely to adopt mandatory postsecondary assessment programs, the analysis tells us little regarding precisely why any single given planning-agency state (e.g., Nebraska) failed to adopt such a plan. Aggregated analyses of political outcomes can never remove the veil of indeterminacy surrounding one state's deliberations and choices: As Glenny (1985) has noted, the specific conditions of each state have critical influences on both political processes and political outcomes there. Thus, although there may be enduring, underlying "laws" of political causation at work, we assume no such constancy here and test no such laws. Instead, we aim to examine patterns over the universe of states and provide hints for more bounded analyses in individual states.

With that caveat in mind, we proceed with appropriate caution to formulating a model for the analysis at hand. Postsecondary governance arrangements can conceivably have two kinds of influences on states' tendency to innovate: on the *kinds* of innovations adopted by states and on the *overall quantity* of innovations adopted by states. The first concern deals with the question of which kinds of governing arrangements are associated with which kinds of innovations in postsecondary policy. For example, are states with more powerful central governance arrangements more likely to adopt innovations in the academic domain, such as assessment requirements? The second concern is more general: Does the overall extent of innovation in states vary according to the nature of states' governing arrangements? For example, do states with more powerful central governance arrangements, such as consolidated governing boards, innovate more frequently? Those are the guiding concerns for the analysis that follows.

Earlier, we noted extensive evidence that the nature of governance arrangements is closely related to a variety of other social, political, bureaucratic, and economic factors. It would be foolhardy, therefore, to try to use simple, bivariate methods to examine the effects of such arrangements on innovation. Therefore, the basic conceptualization used here assumes that policy innovation in postsecondary education will be associated with several interrelated factors: a state's size, region, educational development, and socioeconomic development, in addition to its postsecondary governance arrangements. Stated in the stronger terms of causal tendencies, the conceptualization suggests that innovation is a function of these factors. This stronger form of the model may be summarized as follows:

$$\text{Policy Innovation in Postsecondary Education} = \int \{P, R, E, S, G\},$$

where P is the size of the state (i.e., population), R is the region in which the state is located, E is the level of the state's educational development, S is the level of the state's socioeconomic development, and G is the nature of the postsecondary governance structure in the state. This model provides the foundation for systematic study that controls for the confounding of board arrangements and other, related factors. Responsibly addressing this study's focal concern requires acknowledging the fundamental truth that reform is a product of a variety of influences. Hence we suggest the multivariate model used here.

The model is not inclusive of all conceivably relevant factors, however. Additional factors from the political and bureaucratic domains, in particular, might be added. Nevertheless, although hypotheses abound about what dominance of one or another party, one or another interest group, or one or another state agency might imply for the prospects for reform in a given state, we find it difficult to devise defensible hypotheses that conceivably could generalize across the 50 states. State-by-state variation is so great in regard to what it means to be part of one or another party, one or another interest group, or one or another agency that generalizing propositions seem risky. What is more, when generalizing analyses of this kind have been attempted, social and economic factors are often found to be significantly more important than political or bureaucratic factors in explaining political action. Dye (1966) provides some examples of this pattern from the general political science literature, and, more germane to the topic at hand, Stampen and Reeves (1986) cite evidence that the nature and strength of political coalitions in postsecondary education policy tend not to be strongly party based. In the interest of focusing on those factors most likely to be relevant to reform at this level of education, we eschewed the search for generalizing political variables in the model.

Specific Hypotheses

Most investigations of the factors associated with different types of state higher education structures have been prescriptive, and many have been based on assumptions rather than empirical evidence. In particular, there has been very little empirical, theoretically based study of innovative postsecondary educational policy at the state level. Numerous authors have noted a need for systematic empirically based examinations of the outcomes associated with different governance arrangements (Berdahl, 1975; Glenny & Schmidtlein, 1983; Hines, 1988). In essence, hypotheses have been proposed but rarely tested.

The many, largely untested hypotheses concerning the topic provided a good starting point for developing hypotheses for the present study, but where else could we turn for guidance? In developing the following orienting hypotheses for the study, three other kinds of research were consulted: (a) studies of innovation at the level of the postsecondary institution (Baldridge, 1980; Heydinger, 1981), (b) studies of innovative state-level policies in elementary-secondary education (Boyd, 1979; Campbell & Mazzoni, 1976; Clune, 1993; James, 1991; Mazzoni, 1991;

McDonnell & Fuhrman, 1986; Nice, 1984; Spring, 1991) and (c) studies of governmental policy innovations in areas other than education (e.g., see Bingham, 1977; Polsby, 1984).

Our review of this larger literature base suggested several hypotheses, which are presented below. Given the rather undeveloped state of the empirical literature, these hypotheses were meant to be general and heuristic rather than so precise as to constrain the flow of discovery during the analysis.

Hypothesis 1: Higher levels of centralization will be associated with higher levels of innovation in postsecondary policy. The consolidated governing boards and empowered coordinating boards are clearly the most centralized of the various kinds of higher education governance arrangements. At the other extreme are planning agencies, which are somewhat less authoritative than coordinating boards without budgetary or program approval authority. This hypothesis suggests that states with these least centralized arrangements will evince far less innovation in postsecondary policy than those states with strong coordinating boards or consolidated governing boards. The hypothesis is directly drawn from the postsecondary policy literature. Although there is general agreement in the postsecondary policy literature that there is no one "best" model of coordination for states, it is also true that, in that literature, effectiveness is often linked to structure and solutions are often linked to reorganization. Thus, changes in structure have been expected to result in improvements in higher education. As part of the effort to bring about these improvements, several authors have suggested directly or indirectly that statewide coordinating boards and consolidated governing boards will be more supportive of innovation (Callan, 1975; T. R. McConnell, 1962; Mortimer & McConnell, 1982). In particular, with increasing attention to accountability, a number of authors have expressed a belief that centralized arrangements lead to more regulatory and control innovations (CFAT, 1976, 1982; Dressel, 1980; Floyd, 1982; Ketter, 1975; Millard, 1980; Millett, 1984; Volkwein, 1987).

Hypothesis 2: Empowered state coordinating boards will be associated with higher levels of innovation in postsecondary policy than consolidated governing boards, even though both are at the more centralized end of the continuum of state-level governance arrangements. A number of analysts have theorized that consolidated governing boards will produce different kinds of outcomes from other governance arrangements, owing to their distinctive relationships to both campuses and political figures, their differing goals, and their differing levels of authority (CFAT, 1976; Hines, 1988; Millett, 1975, 1984). Consider especially the contrast of consolidated governing boards and the coordinating boards with budgetary and program-approval authority. These are the two most centralized, and often most professionalized, arrangements for states' postsecondary policy. Because coordinating boards tend to be connected more closely to state governments and the public than to individual institutions and systems, such boards may resist less forcibly legislation opposed to traditional interests of state postsecondary institutions (Millett, 1975). Similarly, because coordinating boards tend to be more comprehensive, often incorporating private institutions, they may be perceived as more impartial than consolidated governing boards and thus may be more politically influential in debates over innovation (Floyd, 1982; Millett, 1984; Zumeta, 1992). In contrast, because consolidated governing boards have the responsibility mainly of governing public institutions, their primary concerns and loyalties to these institutions may make them less able to work with other types of institutions (Hines, 1988; Millett, 1984; Wilson & Miller, 1980) and less able to work effectively with legislatures. Thus, consolidated governing boards may be less able to serve as statewide education planning agencies (Millett, 1975, 1984). In the end, the raw political power of the consolidated boards may enable them to resist innovation more successfully, whereas the strong coordinating boards' broader base of support and wider statewide connections may associate them more frequently with successful moves for innovations.

Hypothesis 3: Larger states will have higher levels of innovation in their postsecondary policy. Larger states will tend to have greater size and complexity in both their state government apparatus and their postsecondary sector, suggesting a need for more coordination, control, and regulatory activism (e.g., see Folger, 1981; Mortimer & McConnell, 1982; also see Lindeen &

Willis, 1975; see Wildavsky, 1986, for a more general discussion of the relation between population and government processes).

Hypothesis 4: Regional factors will be associated with levels of innovation in state postsecondary education policy. Several authors have suggested that the basic expectations and cultural norms of a polity's citizens and politicians are related to innovative policy (Savage, 1978; Walker, 1969). In a study of technological innovations among local governments, Bingham (1977) found some support for a regional pattern, although the pattern appeared to be "issue-specific," varying with the type of innovation. Polsby (1984) suggests that innovation is made possible by

> underlying clusters of cultural norms and biases. . . . These can be variously described as a shared belief in the malleability of the world, as a belief that there are such things as causes that have effects, and that, when changed, have different effects, and as a belief that outcomes that have meanings in people's lives can by political effort be modulated, and deflected. (pp. 159–160)

The use of regional factors in the model highlights the potential spread of reform across culturally, socially, economically, educationally similar contexts not separated by long distances and potentially bound together by geographic associations. The use of regional variables also highlights the broad way in which we conceive of innovation: We do not mean the adoption by a state of a novel reform untried elsewhere, but rather the adoption of a reform unprecedented in that state itself. The innovation, in other words, is at the state level, not relative to other states. Although one might criticize using the term *innovation* for state reforms arising earlier in other contexts, the intent here is to chronicle activities arising and spreading quickly from state to state, often in the face of local resistance to new and relatively untried policies.

Hypothesis 5: Wealthier states will have higher levels of innovation in state postsecondary education policy. Several analysts of non-postsecondary education issues have suggested that innovative state policy may be related to availability of excess resources, sometimes termed "organizational slack" (Mohr, 1969). In a study of reform in elementary-secondary education, McDonnell and Fuhrman (1986) found that although available resources were necessary for innovative policymaking, such funds were not sufficient in and of themselves. The authors point to several periods when states had access to extra funds, yet widespread reforms comparable to those passed during the early 1980s were not passed. In a study of the adoption of structural reforms in Minnesota public education, however, Mazzoni (1991) found that financial considerations did play a part: The improved economy made funds available, and, in addition, the innovation was perceived as being inexpensive, making support easier to find.

Hypothesis 6: Educational problems in a state may contribute to innovation. In a study of the factors related to adoption of teacher competency testing, Nice (1984) found that such innovations were associated with crises and general dissatisfaction with the state of education. Crises and voter dissatisfaction may serve as motivational factors for state politicians and may be used by advocates to draw support for innovations (Polsby, 1984; Spring, 1991). McDonnell and Fuhrman (1986) suggest that educational innovations may be more likely when policymakers have "new incentives to act" (p. 54). These incentives include the results of opinion polls indicating widespread dissatisfaction with education, business interest in innovations, increases in costs to states for education, seemingly simple solutions offered by national reports, media interest in reforms, and technical help offered by national organizations (pp. 55–56). Although this work was conducted in regard to elementary-secondary education, similar concerns may be seen in the national attention to quality in postsecondary education and, particularly, in the national focus on assessing postsecondary outcomes.

Research Design

The study had two parts: bivariate descriptive analysis and multiple regression analysis. The focal bivariate question was asked first: "What kinds of postsecondary policy innovations are associated with differing governance arrangements?" Next, the focal multivariate question was asked: "Controlling for variations in the states' geographic context, size, and level of educational and socioeconomic development, what distinctive connections remain between governance arrangements and postsecondary policy innovations?" For addressing this second question, multiple linear regression and logistic regression were used, depending on the specification of the dependent variable.[3]

The final model used as the basis for the regressions reported here was developed from the general theoretical model proposed earlier. The specific operational form of the final model was influenced, however, by our initial empirical analyses, which revealed that there were significant relations between policy innovations and population, region, percentage of the population with at least a high school education, postsecondary enrollment rates, high school graduation rates, and growth in postsecondary enrollments. These factors were used as independent variables in the final analyses, in addition to the governance arrangements in a state. The initial empirical analyses eliminated several other potentially influential independent variables at the state level, on the basis of a lack of theoretical rationale and promise, a lack of statistical strength, measurement problems, multicollinearity with other factors already in the model, or some combination of these. Among the variables eliminated in this fashion were the state's poverty level, urbanicity, number of students in public postsecondary education, proportion of all of a state's postsecondary students in the state's public institutions, tuition levels in the state, and the ratio of community college tuition to mean family disposable income in the state.[4]

In regressions with only 50 cases and as many as 13 potential independent-variable indicators, there are dangers of substantial instability in regression coefficients. Statistical controls for confounding are placed under stress. We were careful to watch for signs of such a problem. In all regressions, we checked carefully for suspicious behavior of the coefficients under different model specifications. In addition, for the ordinary least squares regressions, we examined the Pearson's r for each independent variable's relationship with an interval criterion and used the adjusted R^2 rather than the unadjusted R^2. For the logistic regressions, we examined the Kendall's tau[5] for each independent variable's relationship with a dichotomous criterion and used several indications of model accuracy, including chi-square values and two indications of correct predictions: that for all cases and that for cases with the less likely of the two possible outcomes.[6]

Finally, for all regressions, after testing the full model for each dependent variable, we ran regressions with a more conservative reduced (best-fit) model. To construct that model, we used backward stepwise elimination procedures to delete indicators from the full-model regression equations. Indicators with the weakest significance level in each succeeding equation were deleted, up to the point at which all remaining indicators were significant at the $p \leq .15$ level.[7] It should be noted that while this procedure is conservative in intent, it must be viewed cautiously for at least two reasons. First, it is in part atheoretical in that it allows statistical criteria rather than explanatory conceptual propositions to guide refinement of the basic model (see Austin, Yaffee, & Hinkle, 1992). Second, even from the eminently practical perspective of predictive rather than explanatory analysis; its use usually leads to a diminution in the proportion of cases accurately predicted relative to those for a fuller model. The trade-off, therefore, is between a theoretically defensible and predictively accurate full model that strains the limits of the available degrees of freedom and a reduced model that is more defensible statistically but sacrifices both theoretical comprehensiveness and empirical validity.

Data

The data for the 50 states were assembled from a variety of secondary data sources: McGuinness (1988), Halstead (1991), the *Chronicle of Higher Education Almanac* (1991), and the National Center for Education Statistics (NCES) (1992). The independent-variable data were assembled with the aim of reflecting the period 1985–1990, the latest years for which adequate information was readily available. The data for the dependent variables in the analysis, policy innovations in higher education, reflected policy decisions made at any time before August 1, 1991.

This slight lag reflects the fact that the conditions of the 1980s provided the context for the policy decisions of the early 1990s. Virtually all of the policy innovations considered here arose somewhere in the nation in the 1980s and were subsequently adopted elsewhere in the later 1980s and early 1990s. Of course, this implies that some of the policy innovations reported as in effect in 1991 were adopted a few years prior, whereas some were of more recent vintage. There was no easy way to address these variations in timing. Indeed, because the independent- and dependent-variable indicators considered in the study were all from a rather brief span of time, the present analysis might be criticized as nondynamic and incapable of supporting any inference of causation. Although caution is certainly warranted, we stress that neither the states' postsecondary governance arrangements nor their *relative* contextual conditions changed dramatically in the 1980s. Thus, while the dependent variables here (i.e., the policy innovations) are clearly in large part developments of the late 1980s and early 1990s, the independent variables have had substantial stability over time. In this sense, it seems legitimate to attempt to discern, at least tentatively, causal patterns in the model.

Variables and Their Indicators

The policy innovations considered in the analysis were the following: whether, as of August 1, 1991, states required assessment of undergraduate students, required tests for teaching assistants, offered a tax-exempt college savings bond, offered a prepaid college tuition plan, restricted or taxed college businesses, made vandalism of animal-research facilities a crime, allowed nontraditional paths for certification of K–12 teachers, and required that high school teachers not be education majors.

Several points should be stressed about these innovations. First, as noted earlier, virtually all of the policy innovations considered here arose and were adopted in a very short span of time, from the mid-1980s to the early 1990s; very few states were pursuing any of these innovations in the early 1980s. Because of this compressed time period, and because of the difficulties of accurately pinpointing actual full implementation dates, we do not attempt to distinguish early and late adopters among the states. Second, as also noted earlier, not all of these innovations arose directly out of the postsecondary governance bodies of the states. Some are products of reform initiatives in other sectors of state government, and some are products of reform initiatives with a more general, popular base. For example, K–12 reform initiatives affect postsecondary education intimately but tend to arise from the governmental, professional, and business sectors closely connected to K–12 education. Although some of the listed reforms may appear to be peripheral to postsecondary education, each potentially affects the enterprise significantly and each meets our criterion of being a substantive, nonmarginal change in policy relating to postsecondary education. Third, there is undeniably a wide range in the scope of influence of the various innovations. For example, changes concerning vandalism of research facilities might be seen as less far-reaching in effects than those concerning teacher training or tuition assistance. Our intent, however, was to choose discrete innovations potentially significant on individual campuses or across campuses, not to choose only those reforms of widespread influence. In fact, this and the other two points discussed above serve to reemphasize our analytic intent: to work with an arguably inclusive collection of substantive, nonmarginal reforms relating to, postsecondary education and emerging and reading in our period of concern.

For the independent-variable indicators of governance arrangements, we adopted the governance-classifications provided in McGuinness's 1988 report for the ECS (see especially pp. 3–8). For the analysis here, we used McGuinness's report to devise two approaches for classifying governance arrangements: an eight-way split and a three-way split. The eight-way and three-way classifications are highlighted in Table 1. On the basis of the initial regression analyses, these governance classifications were pared and transformed into two dummy indicators, for consolidated governing board arrangements and so strong coordinating board arrangements, respectively. The three states with unempowered ("weak") coordinating boards, the four states with planning agencies, and the four states with mixed arrangements together composed the comparison group for the regressions.

In all regression analyses, several additional independent variables from the core theoretical model were used. The state's size was indicated by its population in 1990, logged to the base 10. The state's educational development was indicated by the percentage of the state's population with at least a high school education as of 1980 (from NCES, 1992); the state's rate of postsecondary enrollment as of 1988, indexed to a nationwide mean of 100 (from Halstead, 1991); the state's rate of high school graduation as of 1988, indexed to a nationwide mean of 100 (from Halstead, 1991); and the state's growth rate in postsecondary education enrollments in the period 1979–1989 (from NCES, 1992). The state's socioeconomic development was indicated by the state's tax base as of 1988, adjusted for population and indexed to a nationwide mean of 100 (from Halstead, 1991). Finally, the state's region was denoted by five dummies, for the Northeast (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia), Southeast (Alabama, Florida, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia), Midwest (Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin), Southwest (Arizona, California, Hawaii, Nevada, New Mexico, Oklahoma, and Texas), and Rockies/Plains (Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming) regions. The Northwest region (Alaska, Idaho, Oregon, and Washington) was used as a regression comparison group. Of course, the specific composition of the regions could affect the results, and the regional categorization of the states here is certainly debatable. Our goal was nevertheless simply to adopt a familiar, logically defensible scheme that had precedents in the existing literature.

Findings

Examination of the data for individual states reveals the most and least frequent innovators for the period under consideration. Overall, states adopted an average of 3.24 of the innovations. Iowa and Texas were the most activist of the 50 states, both pursuing 6 of the 8 possible policy innovations. Eight states adopted 5 of the innovations: Arkansas, Florida, Idaho, Louisiana, Massachusetts, Oklahoma, Utah, and Wisconsin. On the other side, 3 states adopted none of the innovations: Maine, Nebraska, and Vermont. Four states adopted only 1 of the innovations: Mississippi, Montana, New Mexico, and Wyoming. On the surface, no clear differences across regions or governance structures are apparent. For example, activist states Arkansas, Louisiana, Oklahoma, and Texas lie close to relatively quiescent Mississippi, and inactive Maine and Vermont share regional ties with innovating Massachusetts. Similarly, highly active Iowa has the same system of governance as the relatively inactive states of Mississippi and Wyoming: governing board with authority over senior institutions.[8]

More detailed analysis of these patterns is necessary, however. Table 2 presents the breakdown of policy innovations by state governance structure. In six of the eight innovations, states with strong coordinating boards were slightly or appreciably more likely than the norm to undertake innovations. In the restricting or taxing of college businesses, those states were more typical, but they were somewhat less likely than others to offer prepaid tuition plans. States with

TABLE 2

Relationships between State-Level Governance Structure and Individual Policy Innovations

		Percentage of states adopting various policy innovations							
Governance structure	Number of states	Requiring assessment of undergraduate students	Requiring tests for teaching assistants	Making vandalism or animal-research facilities a crime	Offering a tax-exempt college savings bond	Offering a prepaid college tuition plan	Restricting or taxing college businesses	Allowing non-traditional paths for certification of K–12 teachers	Requiring that high school teachers not be education majors
Governing board									
Over all levels	12	50	17	50	42	25	25	50	50
Over senior level only	7	29	57	71	43	29	43	43	29
Coordinating board									
Budget and program-approval authority	8	63	50	38	38	38	13	63	38
Budget authority only	1	100	0	100	100	0	0	100	100
Program-approval authority only	11	45	45	55	82	0	27	64	82
No budget or program-approval authority	3	0	0	33	33	0	0	100	67
Planning agency	4	0	0	0	25	25	0	50	50
Mixed arrangement	4	25	25	25	50	50	0	75	50
Summary for all states	50	40	32	46	50	22	20	60	54
Summary for general governance types									
All states with governing boards	19	42	32	58	42	26	32	47	42
All states with coordinating boards	23	48	39	48	61	13	17	70	65
All states with strong coordinating boards	20	55	45	50	65	15	20	65	65

Note: The “all states with governing boards” and “all states with coordinating boards” categories do not include the four states that have mixed arrangements. The “all states with strong coordinating boards” category includes all states with coordinating boards except the four states with mixed arrangements and the three states with weak coordinating boards (i.e., boards with neither budgetary nor program-approval authority).

consolidated governing boards present a more varied picture: They were more likely than other states to restrict or tax college businesses, more likely to make vandalism of animal-research facilities a crime, less likely to innovate in teacher education areas, less likely to offer a tax-exempt college savings bond, and about average in their adoption of other policy innovations.

The least activist states in postsecondary policy innovation tended quite clearly to be those with planning agencies or weak coordinating boards (i.e., boards with neither budgetary nor program-approval authority, such as the boards in California and Minnesota). Two examples of this passivity are telling. Of the 7 states with planning agencies or weak coordinating boards, only 1 made vandalism of animal-research facilities a crime, but of the 43 states with other governance arrangements, more than half (22) did so. Similarly, 10 states adopted restrictions or passed taxes on college businesses, but none of those states had a planning agency or a weak coordinating board.

Beyond its focus on governance arrangements, Table 2 also provides information on the states' overall adoption rates for the different innovations. Clearly, the eight innovations considered here were adopted at widely different rates, with adoption rates ranging from as high as 60% for allowing nontraditional certification paths for teachers and 54% for requiring that high school teachers not be education majors to as low as 20% for the adoption of restrictions or taxes on college businesses and 22% for the development of prepaid tuition plans.

In Table 3, the policy innovations covered in Table 2 are grouped by kind and broken down by governance structure. Requiring assessment of undergraduates, requiring a test for teaching assistants, and making vandalism of animal-research facilities a crime are grouped under academic innovations. On average, states adopted 1.18 of these 3 innovations. The last of these 3 innovations, although not directly academic in content, was included here because its focus is on protecting the scholarly activity at the heart of the academic enterprise in research universities. Developing a tax-exempt college savings bond, developing a prepaid tuition plan, and restricting or taxing college businesses are grouped under financing innovations. On average, states adopted 0.92 of these 3 innovations. Finally, providing alternative paths for teacher certification and requiring that high school teachers not be education majors compose the 2 innovations included in the teacher education domain. On average, states adopted 1.14 of these 2 innovations.

Table 3's results reinforce those of Table 2 regarding the propensity of states with strong coordinating boards to be more activist: In each of the three policy domains and overall, such states undertook more innovations. In contrast, states with governing boards undertook about an average number of innovations overall. This pattern is largely explained by a notable reluctance in governing-board states to undertake reform in teacher education. In both the academic and finance domains, they were more likely than the norm to pursue innovation. States with arrangements other than governing boards or strong coordinating boards were clearly less likely than others to undertake reforms in the academic area. As noted before, governing arrangements only rarely are the dominant actors in the actual production of postsecondary reform, but Table 3 suggests that they are indeed significantly associated with the likelihood of reform in the states.

Whether this association is artifactual or a matter of potential organizational influence is not revealed by the table, however. To better address (albeit not resolve) that question, regressions were run for all of the policy innovations of Table 2 and for each of the groupings of policy innovations in Table 3. The most interesting of the findings of those regressions are presented in tables here. Other findings are presented in the text.

The first set of regressions addressed, one by one, the three academic innovations. In all three cases, a state's having a governing board or a strong coordinating board had a positive relationship with its undertaking the academic reform in question. The remaining results for academic reforms distinguished sharply between factors encouraging assessment, on one hand, and factors associated with testing teaching assistants and criminalizing research facility vandalism, on the other. For both teaching assistant tests and criminalizing vandalism, state population showed strong positive effects, while state location in the Southeast and Northeast had a strong negative effect. In addition, state wealth was a negative factor in testing teaching assistants, and states in the Midwest, Rockies/Plains, and Southwest were negative factors in criminalizing vandalism.

TABLE 3

Relationships between State-Level Governance Structure and Innovations in Different Policy Domains

		Mean number of innovations by states in three policy domains and overall			
Governing structure	Number of states	Academic policies (maximum = 3)	Financing policies (maximum = 3)	Policies relating to teacher education (maximum = 2)	Total for academic, financing, and teacher education policies (maximum = 8)
Governing board					
Over all levels	12	1.17	0.92	1.00	3.08
Over senior level only	7	1.57	1.14	0.71	3.43
Coordinating board					
Budget and program-approval authority	8	1.50	0.88	1.00	3.38
Budget authority only	1	2.00	1.00	2.00	5.00
Program-approval authority only	11	1.45	1.09	1.45	4.00
No budget or program approval authority	3	0.33	0.33	1.67	2.33
Planning agency	4	0.00	0.50	1.00	1.50
Mixed arrangement	4	0.75	1.00	1.25	3.00
Summary for all states	50	1.18	0.92	1.14	3.24
Summary for general governance types					
All states with governing boards	19	1.32	1.00	.89	3.21
All states with coordinating boards	23	1.35	0.92	1.35	3.61
All states with strong coordinating boards	20	1.50	1.00	1.30	3.80

Note: See text for definitions of governance categories. The categories of innovations are as follows. Academic innovations include requiring assessment of undergraduates, requiring a test for teaching assistants, and making vandalism of animal-research facilities a crime. Financing innovations include offering a tax-exempt college savings bond, offering a prepaid college tuition plan, and restricting or taxing college businesses. Innovations relating to teacher education including allowing nontraditional paths for certification of K–12 teachers and requiring that high school teachers not be education majors. The last column simply totals innovations in the three preceding domains.

For postsecondary assessment, however, several of these patterns were reversed. Table 4 shows the results of the logistic regressions for assessment. The influences of contextual factors alone are examined in the regression for Model 1. This regression accurately predicted 70 % of all states' action in assessment (i.e., adoption or nonadoption of an assessment requirement). No individual factors stand out in influence, however. In the regression for Model 2, a full model containing governing arrangements in addition to the contextual factors, states with consolidated governing boards and strong coordinating boards stand out as the sole factors with notable influence. The full model's logistic equation correctly predicted 72% of the states' outcomes. In the more difficult challenge of predicting outcomes for states having the less likely of the two possible values on the criterion (i.e., in this case, states adopting an assessment requirement), the full model performed well, correctly predicting 65% of the choices. In the regression for Model 3, a reduced model in which we can place somewhat greater statistical confidence and for which the model chi-square was significant, the positive effects of the two more centralized governing arrangements are again present. In addition, there was a positive effect in Model 3 for states in the Southeast region and states with well-educated populations.

Next, we examined the effects of the various factors on the states' total of the three academic innovations in multiple regressions. The positive effects of governing boards and strong coordinating boards on the adoption of assessment were repeated. Not surprisingly, given several contrary influences in logistic regressions run for the three reforms individually, there was no effect of region in the regressions for total academic reform. Nevertheless, population and the educational level of the population were positive influences on total academic reforms, and state wealth was a negative influence.

Regression analysis of the three financing reforms was pursued next. That investigation provided a striking lesson in the dangers of collapsing ostensibly similar actions into an overall count. The multiple regressions for the aggregated total of the three innovations yielded no significant relationships with the focal independent variables. The individual analysis of restricting and taxing college businesses revealed that the financing area was not barren of relationships, however. As with many other of the regressions, the existence of a governing board or a strong coordinating board had positive effects on adopting business restrictions or taxing schemes. All of the 10 states that adopted such a plan had those kinds of governing arrangements, and that relationship remained significant through the addition of controls for other factors. In addition, state wealth showed a negative effect in the regression, and education of the population showed a positive effect.

Initially, the individual logistic analyses for the offering of a tax-exempt college savings bond and the offering of a prepaid tuition plan showed virtually nothing (only enrollment growth was significant, and only for the savings bond outcome). As Merisotis (1991) notes, however, savings bond and tuition plans may be viewed as alternative approaches to the same policy issue: making college more affordable. In keeping with that conclusion, only 4 states had adopted both innovations at the time covered in this analysis. Examining the offering of either one or the other reform might therefore prove productive. As of the time covered in this data set, a total of 32 states (64%) had adopted one or the other plan, or both. Table 5 shows the results of the logistic regressions for offering either a college savings bond or a prepaid tuition plan. In this case, reconstruction of the dependent-variable indicator revealed some previously unseen patterns. Specifically, the Southeast, Northeast, Midwest, and Southwest each proved more reluctant than others to adopt these plans, in the context of the other factors in the model. Further analysis revealed the strongest support for such plans in our comparison region, the Northwest. States with well-educated populations were less likely to adopt a plan, but wealthier states were more likely to do so, in the context of the various controls. Interestingly, governance arrangements played no role in the results. The full model's logistic equation correctly predicted 80% of the states' actions regarding adoption of a plan and 61% of the outcomes for states having the less likely outcome (i.e., for states not adopting an innovative financing plan). As was usual for our small sample, the full-model specification strained the degrees of freedom, and the model chi-square was not significant. Nevertheless, the reduced-model specification produced identical significance patterns in concert with a significant model chi-square.

TABLE 4

Regressions for Assessment Requirements

Independent variable	Zero-order correlation with assessment requirements	Model 1: model for contextual factors alone	Model 2: full model for contextual factors and governance arrangements	Model 3: reduced model for contextual factors and governance arrangements
	Regression models			
State population	.10	.85	.53	—
Region				
Northeast	–.08	.07	–.08	—
Southeast	.26	1.20	1.75	2.55*
Midwest	–.20	–.78	–.82	—
Rockies/Plains	.08	.62	–.65	—
Southwest	–.09	–.82	–1.37	—
Educational context				
% with high school education	–.07	.05	.15	.12†
Postsecondary enrollment rate index	–.09	–.02	–.02	
High school graduation rate index	–.12	–.03	–.04	
Postsecondary enrollment growth, 1979–1989	–.05	–.01	–.01	
Wealth index	–.15	–.01	–.01	—
Governance arrangement				
Governing board	—	.03	3.28*	2.45*
Strong coordinating board	.25	—	3.45*	3.11*
Model χ^2	—	8.36	15.78	11.98*
% of all cases predicted correctly	—	70	72	72
% of less likely cases predicted correctly		55	65	55

Note: The dependent-variable indicator is a dummy denoting a state requirement for assessing undergraduate students. See text for definitions of other indicators. The percentage of states adopting assessment was 40, so in this case the less likely outcome was adoption of the innovation. For conservatism, zero-order coefficients were computed with Kendall's tau, and significance tests are based on log-likelihood ratios rather than the Wald statistic. Logistic regression coefficients are reported. As comparison groups for the regressions, the Northwest region of states and states governed under weak coordinating boards, planning agencies, or mixed arrangements are used. Only the indicators with substantive statistical relations with assessment requirements are retained for Model 3. Significance tests are reported to indicate the strength of relationships.

$p \leq .05$. ** † $p \leq .15$.

TABLE 5

Regressions for Innovative Policy Action in Financing College Attendance

	Regression models			
Independent variable	Zero-order correlation with innovation in financing college attendance	Model 1: model for contextual factors alone	Model 2: full model for contextual factors and governance arrangements	Model 3: reduced model for contextual factors and governance arrangements
State population	.19	1.31	1.67	—
Region				
Northeast	–.07	–5.21*	–5.95*	–4.42*
Southeast	.20	–5.11†	–6.12†	–3.71†
Midwest	–.04	–3.37†	–4.10†	–2.04†
Rockies/Plains	.02	–.46	–.30	—
Southwest	–.18	–4.63*	–5.06*	–3.56**
Educational context				
% with high school education	–.19	–.30*	–.36*	–.28**
Postsecondary enrollment rate index	.01	.02	.02	—
High school graduation rate index	–.08	.00	.01	—
Postsecondary enrollment growth, 1979–1989	–.06	.01	.01.	—
Wealth index	.02	.08*	.08*	.08*
Governance arrangement				
Governing board	–.19	—	–.95	—
Strong coordinating board	.19	—	–1.20	—
Model χ^2	—	15.30	16.46	12.72*
% of all cases predicted correctly	—	76	80	74
% of less likely cases predicted correctly	—	56	61	50

Note: The dependent-variable indicator is a dummy denoting a state offering either a tax-exempt college savings bond or a prepaid tuition plan. See text for definitions of other indicators. The percentage of states adopting one or the other innovation was 64, so in this case the less likely outcome was nonadoption of the innovation. For conservatism, zero-order coefficients were computed with Kendal's tau, and significance tests are based on log-likelihood ratios rather than the Wald statistic. Logistic regression coefficients are reported. As comparison groups for the regressions, the Northwest region of states and states governed under weak coordinating boards, planning agencies, or mixed arrangements are used. Only the indicators with substantive statistical relations with innovative attendance-financing acts are retained for Model 3. Significance tests are reported to indicate the strength of relationships.

**p* ≤.05. *p* ≤.01. † *p* ≤.15.

The analysis next moved to reforms in teacher education. In the multiple logistic regressions, state population had positive effects for both alternate certification paths and the restriction of high school teaching to noneducation majors. In addition, for alternate certification paths, postsecondary enrollment rates, the Midwest region, the education level of the populace, governing boards, and strong coordinating boards had negative effects and the Southwest region had a positive effect. For the restriction of high school teaching to noneducation majors, state wealth had a positive effect.

Because these two outcomes had generally similar patterns of effects, albeit with more factors coming into play for alternate certification, only the results for their summed total are presented in table form here. Table 6 presents the results of the ordinary least squares multiple

TABLE 6

Regressions for Policy Innovations Relating to Teacher Education

	Regression models			
Independent variable	Zero-order correlation with total innovative policy acts in teacher education	Model 1: model for contextual factors alone	Model 2: full model for contextual factors and governance arrangements	Model 3: reduced model for contextual factors and governance arrangements
State population	.35	.42*	.49**	.37**
Region				
Northeast	.14	.24	.18	.24†
Southeast	.21	.42	.34	.37**
Midwest	–.28	–.04	–.10	—
Rockies/Plains	–.22	.10	.15	—
Southwest	.22	.38†	.36†	.30*
Educational context				
% with high school education	–.19	–.07	–.22	—
Postsecondary enrollment rate index	–.23	–.33*	–.34*	–.33**
High school graduation rate index	–.25	.17	.20	—
Postsecondary enrollment growth, 1979–1989	–.05	–.04	–.05	—
Wealth index	.22	.30†	.33†	.22†
Governance arrangement				
Governing board	–.24	—	–.18	—
Strong coordinating board	.16	—	–.27	—
Adjusted R^2	—	.30**	.30**	.35***

Note: The dependent-variable indicator is the total of policy innovations relating to teacher education (states' possible scores range from 0 to 2). See text for definitions of other indicators. Pearson's *r*s and standardized multiple regression weights are reported. As comparison groups for the regressions, the Northwest region of states and states governed under weak coordinating boards, planning agencies, or mixed arrangements are used. Only the indicators with substantive statistical relations with total teacher education policy innovations are retained for Model 3. Significance tests are reported to indicate the strength of relationships. For conservatism, adjusted R^2 is reported.

$^{*}p \leq .05$. $^{**}p \leq .01$. $^{***}p \leq .001$. † $p \leq .15$.

regressions for a state's total reforms in teacher education. As noted in Table 3, the average for the states on this dependent-variable indicator (i.e., the total score for a state's actions in allowing alternate paths for teacher certification and requiring that high school teachers not be education majors) was 1.14. The maximum score on this indicator was 2, meaning both innovations were adopted, and the minimum was zero. The results suggest that a state's population is a positive factor in teacher education reform, whereas the postsecondary enrollment rate in the state tends to be a negative influence. States in the Southeast, Southwest, and Northeast were particularly likely to adopt teacher education reforms. This pattern has been noted before (see McDonnell & Fuhrman, 1986), but its survival amidst the various controls imposed here is provocative evidence of the independent importance of geography in this policy domain.

Table 7 presents the results of the ordinary least squares multiple regressions for a state's total innovations in the academic, financing, and teacher education domains. The maximum score on this indicator is 8, meaning all 8 innovations were adopted, and the minimum is zero. As noted earlier, the average number of innovations adopted was 3.24. In the regressions, four factors stand out as important. First, population was clearly critical: The larger the state, the more activist it was in policy reform. Second, the educational context was associated with activism: States with lower rates of enrollment in postsecondary education were somewhat more likely to innovate in postsecondary education. Third, states with consolidated governing boards were more likely to innovate. Fourth, states with strong coordinating boards were slightly more likely to innovate (this effect was marginal and present only in the reduced model). The latter two findings reinforce our conclusions on the basis of the earlier, bivariate analyses (see Tables 1 and 2). The fact that the positive influences of centralization on activism survive the addition of controls for several well-established potentially confounding influences is impressive evidence of the importance of governing arrangements in reform adoption by states.

To explore these results more fully, we examined residuals in the regressions for "reform proliferation." Using the reduced model (Model 3), we identified the five most poorly explained states (i.e., states for which the predicted total of reforms most differed from the actual total observed). The actual total of reforms well exceeded the predicted total in Iowa and North Dakota, while in Mississippi, Maine, and Montana the predicted total of reforms significantly exceeded the actual total. Although only speculation is possible, it is striking that the two unpredictably active states, Iowa and North Dakota, are located in a region with high levels of educational participation and funding, whereas the three unpredictably inactive states are each in less educationally developed and less economically secure areas of the country.

Reviewing the Results for the Focal Hypotheses

The results for the study's six orienting hypotheses provide some surprises. Hypothesis 1 was that higher levels of centralization would be associated with higher levels of innovation in postsecondary policy. Although one relatively constant pattern in the results was the significance of governance arrangements, the directions of these patterns were not always consistent with the hypothesis. States with governing boards and states with strong coordinating boards (i.e., states with the most centralized arrangements) were more likely to innovate in all three of the academic policy areas covered here, in the context of the controls for confounding factors. Conversely, in at least one aspect of reform in teacher education, the opposite was true: States with other arrangements (i.e., weak coordinating boards, planning agencies, and mixed arrangements) were significantly more likely to develop alternate certification requirements. The one area in which governing boards and strong coordinating boards had no discernible effects whatsoever was in the domain of schemes to ease the affordability of college attendance: college savings bonds and tuition plans. Nevertheless, the two arrangements were quite positive in their effects in the other financing area covered here, the restriction and taxation of college businesses. That is, in the context of a variety of controls for potentially confounding influences, states with governing

TABLE 7

Regressions for Total Innovative Policy Acts

	Regression models			
Independent variable	Zero-order correlation with total innovative policy acts	Model 1: model for contextual factors alone	Model 2: full model for contextual factors and governance arrangements	Model 3: reduced model for contextual factors and governance arrangements
State population	.45	.56*	.56*	.53**
Region				
Northeast	–.19	–.35	–.32	—
Southeast	.21	–.22	–.15	—
Midwest	.02	–.28	–.21	—
Rockies/Plains	–.06	.00	–.09	—
Southwest	.01	–.14	–.16	—
Educational context				
% with high school education	–.20	–.22	–.08	—
Postsecondary enrollment rate index	–.09	–.19	–.22†	–.24†
High school graduation rate index	–.10	.12	.06	—
Postsecondary enrollment growth, 1979–1989	–.17	.01	.01	—
Wealth index	–.16	.02	.04	—
Governance arrangement				
Governing board	–.02	—	.39†	.41*
Strong coordinating board	.31	—	.26	.29†
Adjusted R^2	—	.11	.15†	.28**

Note: The dependent-variable indicator is the total of states' innovative policy acts relating to postsecondary education. See text for definitions of other indicators. Pearson's *r* and standardized multiple regression weights are reported. As comparison groups for the regressions, the Northwest region of states and states governed under weak coordinating boards, planning agencies, or mixed arrangements are used. Only the indicators with substantive statistical relations with total policy innovations are retained for Model 3. Significance tests are reported to indicate the strength of relationships. For conservatism, adjusted R^2 is reported.

$^{*}p \leq .01$. $^{**}p \leq .001$. † $p \leq .15$.

boards and strong coordinating boards were especially frequent adopters of such innovations. In sum, the hypothesis was supported for academic reform and for reform in the treatment of college businesses, but not for the other reforms considered here.

Hypothesis 2 was that stronger, empowered state coordinating boards would be associated with higher levels of innovation in postsecondary policy than consolidated governing boards. Contrary to this notion, no significant differences emerged between the strong coordinating boards and the consolidated governing boards. All differences that were found were quite trivial (eg., as, reported in Table 7 for total innovative acts, a positive effect of .41 for consolidated governing boards and a positive effect of .29 for strong coordinating boards). None of the differences uncovered involved an opposing direction for effects. In sum, we found no evidence that the choice between governing board and a strong coordinating board influenced the number or kind of policy innovations adopted, so Hypothesis 2 was clearly not supported.

Hypothesis 3 was that larger states would have higher levels of innovation in their postsecondary policy. Aside from governance arrangements, population was the most frequently significant factor in the regressions conducted for this study. In general, the direction of the differences was in keeping with Hypothesis 3. Larger states were clearly more activist in total academic reforms and total teacher education reforms and had higher total numbers of reforms. Specifically, even in the context of regression controls for confounding factors, larger states were more likely to innovate in four of the eight areas studied here: testing teaching assistants, criminalizing vandalism of animal-research facilities, providing alternate paths for teacher certification, and requiring that high school teachers not be education majors. The bivariate descriptive data showed that smaller states were more likely to impose assessment requirements and to adopt the three financing innovations, but these differences disappeared in the context of the multiple regressions' controls for confounding factors. In sum, therefore, Hypothesis 3 received modest support.

Hypothesis 4 was that regional factors would be associated with levels of innovation in state postsecondary education policy. Regional differences were uncovered in the analysis, and they were intriguing. As many have suggested in earlier work, the Southeast region was found to be more activist in imposing postsecondary assessment requirements—and this tendency held even in the context of controls for other potentially influential factors. On the other hand, this region, along with the Northeast region, was especially unlikely to require tests for teaching assistants, to criminalize vandalism of animal-research facilities, or to adopt innovative plans for financing college attendance. The Southwest and Midwest were also especially unlikely to criminalize vandalism of animal-research facilities or to adopt innovative financing plans for college attendance. These two regions differed on providing alternate paths to certification for teachers, however, with the Southwest more likely to provide such paths and the Midwest especially unlikely to do so. The Rockies/Plains region rarely differed from the norm in the analyses, showing significant relations to innovations only for its reduced likelihood of criminalizing the vandalism of animal-research facilities. In the regressions for policy domains, region played a particularly important role in teacher education reform: The Southeast, Northeast, and Southwest were each more likely to adopt such reforms, even in the context of controls for other potentially influential factors. No regional indicator was significant in the regressions for total educational innovations across all three policy domains, however. That notwithstanding, it must be concluded that region was, overall, a notable factor in reform and that Hypothesis 4 was indeed supported.[9]

Hypothesis 5 was that wealthier states would have higher levels of innovation in state postsecondary education policy. The level of socioeconomic development (wealth) in a state had limited and mixed effects. It was a significant positive factor in states requiring that high school teachers not be education majors and in the adoption of either a college savings plan or a prepaid tuition plan. It was a significant negative factor in the adoption of a testing requirement for teaching assistants and the imposition of restrictions or taxes on college businesses. It was also a significant negative factor in the overall multiple regression for the total number of academically focused acts. In sum, Hypothesis 5 was not supported.

Hypothesis 6 was that educational problems in a state may contribute to innovation. The educational development level of individual states had varied effects in the analyses undertaken here. Of the four education variables examined, the percentage of the state's population with at least a high school education proved most influential: This factor related positively to adopting assessment requirements and restricting or taxing college businesses and related negatively to adopting innovative plans for financing college attendance and providing alternative paths to teacher certification. The factor also was a positive influence on activism in the overall academic domain. Postsecondary attendance rates were negative influences in the adoption of alternative certification paths and, overall, in the total number of teacher-reform innovations. In addition, attendance rates were negative factors in the total number of postsecondary policy innovations. Enrollment growth rates were the sole influence in any of the regressions for adoption of a college savings bond plan; that influence was negative. Otherwise, the variable revealed no effects in the analyses. The final indicator of educational context, high school graduation rates, showed no influence in any of the regressions. Overall, the findings for educational development levels suggest that it is the educational level of the total population, not contemporary patterns in graduation and attendance rates, that most closely relates to innovations in postsecondary policy. For Hypothesis 6, therefore, the findings must be considered mixed: States with weaker educational contexts were more likely to adopt certain innovations (e.g., teacher education reforms, attendance-financing reform) but less likely to adopt others (e.g., restrictions on college businesses, assessment requirements).

Conclusions

Two Themes in the Findings

In broad context, the findings for governance structures suggest two major themes. First, governance structures are most influential in the core *educational* activities of states' postsecondary enterprise: teaching, research, and the preparation of citizens and workers. Statewide governing boards and strong coordinating boards are positively associated with innovation in academic areas such as the assessment of undergraduates, testing of teaching assistants, and protection of research programs and are negatively associated with some elements of activism in teacher education reform. Both of the areas of innovation for which we found an association with governance arrangements (i.e., both the academic and teacher education domains) touch upon the core educational values and concerns of higher education. In contrast, governance arrangements showed no relationship with innovations in financing postsecondary attendance. Arguably, financing schemes are not within the province of higher education itself; rather, they are part of states' larger social and economic directions. One might even speculate that such innovations fall within the domain of populist politics, rather than that of rationalist, professionally driven policymaking.

Along those lines, analysts of political systems (e.g., Lowi, 1964; Ripley, 1985) have long noted that while the formation of purely regulatory policies tends to involve mainly debates among specialists, the formation of policies that touch on questions of the redistribution of resources tends to be seen as important to a broader spectrum of the polity and therefore to be less dominated by professionals. From that perspective, it seems less surprising to find here that postsecondary governing arrangements were empirically associated with the nature and extent of states' educational innovations but showed no consistent influence on states' financing actions. Unlike educational innovations, which may be seen as essentially regulatory in nature, actions to aid in financing postsecondary attendance are unquestionably redistributive in intent and, thus, subject to a more diffuse set of influences.

A second theme in the findings for governance arrangements is the striking absence of systematic differences in innovation patterns between states with consolidated governing boards and states with strong coordinating boards. Earlier, it was noted that a number of authors, including Millett (1975, 1984), Floyd (1982), and Hines (1988), had argued that these two approaches to statewide governance may carry quite different implications for state planning, coordination, and decision making. Because our focus was on innovation alone and because even there we made no attempt to judge "good" versus "bad" innovations, we cannot definitively address the larger questions involved in the choice of one or the other of the more centralized governing arrangements. Nevertheless, the fact that we found no real differences in policy outcomes between the two governance arrangements casts doubt on notions that the choice of consolidated governing boards versus well-empowered coordinating boards is critically important in state policy directions. In statistical terms, we might term this a failure to reject the null hypothesis concerning differences between these two groups of states with more centralized arrangements; as far as this analysis is concerned, consolidated governing boards and strong coordinating boards carry virtually identical implications for policy innovation. In the analysis of innovation presented here, the most striking contrast found was between these two kinds of centralized arrangements, on one hand, and all other governance arrangements, on the other.

Issues for Further Consideration

Several issues not directly addressed in the empirical analysis here are worth further discussion. One such issue involves the relative merits of the alternative innovations chosen for focus here and, indirectly, the relative merits of the governance arrangements associated with those innovations. Certainly, one might argue that some of the innovations convey hostile, or at least suspicious, attitudes toward the enterprise, whereas others are more supportive. For example, a state passing restrictions on institutional businesses, requiring tests for teaching assistants, or imposing assessment requirements for colleges could be viewed as asking state colleges to improve their service to the general public. On the other hand, a state offering help in financing college attendance or making vandalism of research facilities a crime could be seen as acting in support of its colleges. Because this analysis is meant to be value neutral, however, making inferences regarding the "goodness" or "badness" of the focal reforms would not be appropriate. In addition, any such inferences would clearly be inappropriate methodologically. There is no way to judge the merits of any proposal for a state or institutional sector without consideration of alternative proposals for the use of scarce resources. For example, without evidence on a state's funding for other, possibly more effective methods for ensuring access to higher education, the cost-effectiveness of funding nontraditional policies for financing attendance cannot be judged. In the end, we leave it to readers to make their own judgments on the implications of the findings here for effective state policy.

Similarly, we have steered clear of value judgments regarding alternative governance arrangements. Others are, of course, less reticent. H. D. Graham (1987), for example, is among the most eloquent, arguing that consolidated governing boards are irreversible, once established, and tend to thwart competition and destroy institutional diversity:

> We should see in the constant abrasive jockeying for advantage among our colleges and universities not costly inefficiency and wasteful duplication, but rather the strong engine that has built America's system of higher education into the world's best. By comparison, the quick-fix of corporate centralization promises a Faustian bargain, trading the proven genius of our competitive campuses for an image of corporate efficiency that is alien to our traditions and inimical to our success. (p. A60)

Regardless of whether one agrees with Graham's position, judging the relative merits of alternative postsecondary governance arrangements unquestionably requires some resort to values. Some might view policy activism at the state level in generally negative terms and, therefore, might see the positive association uncovered here between centralization and policy activism as supporting arguments for avoiding centralization at all costs. Others with opposing values might proceed logically to opposite conclusions. In further research, analysts might attempt to identify successful and unsuccessful innovations, or hostile and friendly innovations, and relate these systematically to different kinds of state governance arrangements. Such work nevertheless remains well beyond the ken of the present analysis, which sought to steer clear not only of value questions but also of the undeniably intricate questions concerning which kinds of structures and reforms are favorable for which kinds of state settings.[10]

Another theme not studied here is a proposition, well established in the general political science literature, that individuals and groups are critical to innovations in post-secondary education policy. In a study of successful elementary-secondary education reform in Minnesota, Mazzoni (1991) found that "policy entrepreneurs" from outside state government, but supported by "champions" inside the government (particularly the governor), developed policy in ways somewhat different from the demands of the traditional interest groups in the state. In other state-level studies of reform in elementary-secondary education, Boyd (1979), Campbell and Mazzoni (1976), Hines (1976), Aufderheide (1976), and Spring (1991) cite the chief officers of states' school systems, governors, educational lobbyists, staff members of state departments of education, and legislators as important players in school reform. There can be no question that individuals play an important role in postsecondary reform as well. For example, a number of southern governors have been quite influential in developing assessment and teacher education reforms in their states. These individual efforts deserve consideration in serious analyses of innovation in postsecondary policy. Unfortunately, as noted earlier, deriving hypotheses and devising indicators of individual initiatives in national, across-state studies can be prohibitively difficult.

It would also be a formidable challenge to address a "chicken and egg" question lying just beneath the surface of the present study: Does centralization produce innovation, or does an innovative impulse or context in a state lead to centralization, or are both in some way true? Interestingly, as noted earlier in this article, the innovative states identified in the general political science literature do not appreciably overlap with the innovative states identified here for postsecondary policy. Still, it seems possible that some unknown social, economic, or political factors in a state might lead to both centralization and innovation in postsecondary education. If so, the "effects" of centralization noted here would, in reality, be products of some unmeasured factor or factors and thus only indirectly related to the facilitative properties of the organizational structures themselves. Testing this proposition in a sophisticated, methodologically defensible way would be a daunting task, however.

In contrast, it would not be too difficult to add several contextual factors in further analyses of the problem studied here. The level of a state's funding of postsecondary education was not directly considered but could be relevant to innovation patterns. Also, the fact that the study uncovered several regional effects suggests a number of new studies. One of special interest might focus on the role of powerful regional associations, such as the Southern Regional Education Board, in facilitating or discouraging innovations. Also, no attempt was made to consider either the size of states' governing or coordinating boards or the size of the associated professional staffs. Logically, these factors could influence rates and types of policy innovation. For "ample, larger staffs might be expected to be somewhat more activist than smaller staffs, all else equal, while larger, diversely representative boards might be expected to be less able to come to closure on innovative directions than smaller ones. A related factor for possible future consideration is the number of institutions under the oversight of a governing, coordinating, or planning agency. Finally, the nature of the mix of public and private institutions in a state could play a role in the influence of public-institution governance arrangements on state postsecondary policy. For example, states with a preponderance of private colleges might be more reluctant to attempt to change policies relating to teacher education.

Probably most important for further research is a special need to address the changing context of postsecondary policy at the state level. Several developments have taken place since the time of the data gathering for the present analysis. Contrary to the expectations of many institutional officials, the movement toward mandatory assessment in public institutions continues, although the source and nature of the requirements does seem to be in flux (ECS, 1986; Layzell & McKeown, 1992; Muffo, 1992). In addition, professors in public research universities are facing unprecedented scrutiny, with notable legislative attention focused on the professors' teaching role or lack of it (Jacobson, 1992; Mooney, 1992). Finally, the nation recently experienced the first 2-year drop ever in overall state fiscal support for postsecondary education (Jaschik, 1992). Thus, the current policy climate seems even more unsettled and restrictive than that of the focal period for this study. Perhaps, in the postsecondary environment currently emerging across the nation, centralizing forces may become both more widespread and more demanding.[11]

Does this bode well for those interested in productive reform? Ladislav Cerych (1984), after examining reform in postsecondary education systems around the world, concluded that different governance arrangements may be optimal under different conditions. Agreeing with Burton Clark (1983, p. 204) that structural arrangements that have been helpful for a nation's higher education system in one period may be "constraining" in another, Cerych notes that "all forms of control, including the market, are subject to the accumulation of rigidities when they have long dominated a system. Alternative forms are then, for a time, facilitating" (p. 248). We are left, then, with a question: Do the centralizing tendencies represent welcome breaks from the accumulated rigidities of earlier years or destructive encroachments on productive traditions of academic autonomy? In 1975, in a widely cited essay, Martin Trow of the University of California at Berkeley foresaw a dangerous shift in initiative and authority in the United States away from the state institutions and toward state legislatures and governors. In 1988, Trow struck a more hopeful note about the trend to increased centralization, arguing that state campuses and state authorities were "coming to a more reasoned and mutually acceptable relationship than was seen as possible or likely even ten years ago" (p. 22). Whether the pessimistic Trow of 1975 or the optimistic Trow of 1988 prevails remains to be seen.

Notes

This article is a revised version of a paper presented at the 31st Congress of the International Institute of Sociology, Paris, June 1993. We appreciate the support and suggestions of Melissa Anderson, Bill Griswold, Larry Jones, John Lough, Ginger Marine, Tim Mazzoni, and Fred Volkwein.

1. In this article, for ease of reading, we use the phrase "governing boards" to refer to consolidated statewide governing boards in public higher education. Because the article considers neither private higher education nor individual institutions, this shorthand seems defensible.
2. Layzell and McKeown, in a recent study (1992), note that the number of states linking funding levels to the use of formal assessment has dropped in recent years. Apparently, legislators are beginning to believe that "it may be easier to base financial decisions on workload data than on measures intended to compare the results of educational programs" (Jacobson, 1992, p. 18). This, however, does not suggest that the use of assessment itself is on the downswing, because a number of states require assessment without tying its use to funding (Morgan, 1992; Muffo, 1992).
3. The use of ordinary least squares regression for dichotomous outcomes is inadvisable because of the constrained range of the criterion (i.e., outcomes can take on only two values, for incidence or nonincidence). Probabilistic techniques, such as logistic regression, are preferable for such analyses (Hanushek & Jackson, 1977).
4. It may be instructive to present some examples of potential multicollinearity among the items considered for use as independent-variable indicators. Two correlations between these indicators exceeded an absolute value of .75: that between population and public postsecondary enrollment (a positive relationship) and that between state poverty level and proportion of the state population with at least a high school degree (a negative relationship). For this reason, the final model used only the indicators of state population and proportion with at least a high school degree.
5. In light of the extensive use here of indicators with non-normal distributions, we used Kendall's tau rather than the more traditional Pearson's *r* in investigating zero-order correlations for the logistic regressions for dichotomous outcomes. We chose tau over Spearman's *r* because it tends to be the better choice in samples in which there are a number of ties in rank (Nie, Hull, Jenkins, Steinbrenner, & Bent, 1975). Given the many

dichotomous and trichotomous indicators used in the present analyses, ties in rank are frequent. In considering the values of tau presented here, it is good to remember that the absolute value of a given tau tends to be smaller than that of the Pearson's *r* for a comparable relationship.

6. The correct prediction of cases is a useful statistic in evaluating logistic models but is flawed by its inattention to variations in the distribution of outcomes. Correctly predicting 90% of the cases for a criterion on which 95% of the sample share one outcome, for example, is in some respects less impressive than correctly predicting 80% of the outcomes for a criterion on which the sample is split 50/50. Often, the level of success in predicting the less likely of two dichotomous outcomes provides a more precise indication of model accuracy across all cases in a sample than the overall success level.
7. Fifty states compose the universe of states, so no sampling was actually done here. Accordingly, significance tests for the usual, inferential purposes were unnecessary. We nevertheless used significance tests in the regressions to indicate the relative strength and appropriateness of the indicators and models we used. In the ordinary least squares regressions the significance of F was evaluated. In the logistic regressions, for reasons of conservatism, we evaluated the significance of the log-likelihood ratio rather than that of the less precise Wald statistic.
8. Interestingly, the findings here only partly support the work of Walker (1969) and Savage (1978) and others on the consistency of policy innovativeness among the states. These authors suggest that, over periods of several decades, some states tend consistently to be more innovative in policies regarding a wide range of educational and noneducational issues. That earlier work notes that the most innovative states historically have been California, Minnesota, New York, Ohio, and Washington, whereas Mississippi, Delaware, Georgia, and South Carolina have tended to be especially low in policy innovation. Here, we find Mississippi, Delaware, and South Carolina predictably below the national average of 3.24 total innovations, but California, New York, Ohio, and Minnesota were also below that average. In contrast, traditionally passive Georgia and traditionally activist Washington were both slightly above average (4 innovations each). This failure of recent postsecondary reforms to follow traditional state-by-state patterns parallels the findings of McDonnell and Fuhrman (1986) for states' policy reforms in elementary-secondary education in the 1980s.
9. It should be recalled that the Northwest region served as the comparison group for the regressions. Results were therefore not highlighted for this region. Nevertheless, the Northwest provided striking findings in the ancillary regression analyses conducted for this study. In particular, the region's far greater propensity to criminalize the vandalism of animal-research facilities and somewhat greater propensity to support the adoption of innovative plans for financing attendance were dramatic evidence of the distinctive importance of region in the adoption of postsecondary policy innovations.
10. Down this path lie difficulties beyond those associated with value judgments. Patricia Crosson, a veteran postsecondary researcher, policy analyst, and administrator, has argued that widespread recent turbulence in the nature of states' oversight activities has made attempts to classify state postsecondary governance arrangements more daunting than ever before (personal communication, November 1993).
11. The literature suggests some theoretical rationales for this expectation: A familiar proposition from institutional theory is that organizations will become more complex structurally as their environments become more complex and uncertain (Scott & Meyer, 1991, p. 127). In keeping with that position, Burton Clark (1984, p. 260) has noted that nations with decentralized postsecondary systems have recently experienced pressures for more centralization as groups "seek national action to compensate for perceived deficiencies of the more disjointed approach . . . [centralization has been seen as a solution to] inequalities, duplications, underfinancing, and other perceived shortfalls against expectations of system performance."

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Choosing Quality

Frank Newman

In the United States, the state university is the embodiment of many of the public's ideals—opportunity through education for our sons and daughters, progress through research and knowledge, the enhancement of the cultural environment of the state, the responsibility to be of service to society. To be effective at these aims, the university must succeed in two dimensions: It must be skilled in the arts of education and research, and it must be responsive to the public's needs. Since the earliest foundings of state universities, their importance has been clear to state governments and to the public at large. Today, however, there is a more intense interest in their quality than ever before. **In a world of growing economic competition and social complexity, it is the university to which the state turns for assistance.**

But, in achieving quality, it matters a great deal how states and universities interact. Their relationship directly affects the level of quality of the university. Yet the nature of the interaction is not foreordained or fixed in the stars. It is, rather, a matter of will, a result of conscious decisions; and it can be changed if states and universities make up their minds to change it. In many states, it should be changed, for it inhibits the future of both the university and the state. Today, in a number of states, it is changing as a result of purposeful steps by determined leaders.

In a simpler age, it was less difficult and even less important to have an effective relationship. Today, when state universities are large, their governance structure complex and their role in the state so significant, the most serious thought is required. What can state governments and state universities do to create the optimal conditions that cause a university of high quality to flourish?

Appropriate Public Policy Versus Inappropriate Intrusion

It is not unusual to hear, within the university walls, the argument that the state has no proper role with regard to the university beyond providing adequate funding. This is wrong. The state has an essential role to play in the functioning of the state university. Appropriate public policy is needed not only to ensure accountability but also to create a climate that nurtures aspiration. A constantly evolving state policy is needed as a force for change

But the state must also avoid inappropriate intrusion into the university—intrusion that stifles or impedes the quality and hampers the responsiveness of the university. At its **best, the relationship between the state and the state university is an appropriate effort by those elected and appointed to state office to set goals, allocate resources, hold accountable and encourage those who govern the state university.** We have called this **appropriate public policy. Inappropriate intrusion is characterized by attempts by those in state government (or the university) to interfere with the operation of the university either to serve ends that are questionable in themselves or to serve ends that may or may not be appropriate through means that are questionable.** We have characterized three forms of such intrusion.

- **Bureaucratic**—the accumulated weight of unnecessary or counterproductive regulations, which is the most common form of inappropriate intrusion
- **Political**—the exercise of raw political power for self-interest rather than public interest, which is an important deterrent to quality in a minority of states
- **Ideological**—the attempt to impede university activity on ideological grounds, which now seldom occurs as a result of state actions

The universities role in creating an appropriate relationship is equally important. University leadership in striving for quality is essential. But some universities regularly invite inappropriate intrusion. Universities must avoid:

- End runs of the governance process to achieve campus goals
- Institutional ambitions that run counter to the agreed institutional mission
- Failure to address appropriate state needs in a timely manner
- Self-limitation, as has occurred most notably in ideological intrusion, where it is the university itself rather than the state that tends to limit the freedom of discussion on the campus

For all of the difficulty in creating an effective relationship, for all of the abuses (many of which will be documented in the following chapters), the result of public policy over the years has been the creation and nurturing of a remarkable number of state universities of high quality. We have not attempted a systematic comparison of the American model of governance with its counterparts elsewhere in the developed world. Nevertheless, we believe that the state universities in this country are far more intimately involved in the economic and cultural development of their communities than are the public universities of Europe and the Far East. Despite the closeness of this involvement, governmental supervision here has managed to be both more effective as a force for change, more skillful at preventing an over-focus on institutional self-interest and more careful about providing the flexibility that we perceive as essential.

The result is that, at their best, our state universities are the finest in the world.[1] But the issue is not whether some state universities in this country are the best public institutions in the world. It is whether all state universities can and should—even must—be more rigorous, more effective, more involved to meet the increasing needs of American society in a world that becomes ever more competitive and complex.

The New Interest in the Quality of State Universities

The indispensability of a system of higher education of the highest possible quality has been the subject of renewed public attention. In 1985, 38 state-of-the-state addresses by governors cited economic development as a top state priority. In every case, this was directly linked to a recognized dependence on higher education. Recently, former Texas Governor Mark White argued:

> "We are very aware in Texas at this moment that the future holds increasing career and job opportunities which are accessible only through a high level of education and training. The recent loss of oil-related jobs . . . is a clear warning sign that the strength and progress of our economy must be driven in the future by some other resource. In Texas today, we know what that resource is. We know that education is the oil and gas of our future—the 'master link' in the drive chain of America's future competitiveness is a population of well-educated people."[2]

Iowa Governor Terry Branstad, arguing for an ambitious program to improve education at all levels to meet the challenge of the farm crisis, pointed out:

> "We have to improve our education system and diversify our economy to survive."[3]

Former Governor Richard Lamm of Colorado noted:

> "The state that is second best educationally will be second best economically."

His successor, Governor Roy Romer, in his first state-of-the-state speech, said:

> "If we are to prepare for Colorado's future, we must make a stronger investment in higher education. Our economic prosperity will be more dependent upon our skill levels than our resource base."[5]

Where the vision is lacking, that too is noted. A newspaper in a capital city lamented that its state did not have the necessary sense of purpose and that the resulting drain of talent out of the state was significant.

> "There's frustrating irony for [our state] since much of the loss of talent has been to [another nearby state]. Smacked by recession beginning in 1981, the state now struggles for economic development. But its budget for higher education has been whacked so badly that faculty salaries—especially in the research realm that corporations watch—have sagged far below the competition."

"The state that is second best educationally will be second best economically."

Former Colorado Governor Richard Lamm

A study conducted for the Joint Economic Committee of the U.S. Congress on ways to foster the university role in economic development concluded:

> "In an extraordinary number of cases, a university played a major role in the history of the companies that have chosen to relocate."[6]

One result has been a new determination in many states to exploit the university's abilities for economic development. This is occurring through such specific arrangements as the industry-university consortia in states such as Ohio, North Carolina, Texas, California, Rhode Island and Pennsylvania.[7]

This is not a new concern—or a new response. In fact, as far back as 1862, the Congress recognized the importance of colleges and universities to local economic development by passing the Morrill Acts. These established the first land-grant colleges by calling for the:

> ". . . endowment, support and maintenance of at least one college in each state where the leading object shall be . . . to teach such branches of learning as are related to agriculture and the mechanic arts . . . in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

Specific sums of money were also outlined.

> . . . "[T]o be applied only to instruction in agriculture, the mechanic arts, the English language and the various branches of mathematical, physical, natural and economic science, with special reference to their applications in the industries of life. . . ."[8]

The current attention to economic development is a new and accelerated version of this well-established concept. Americans should be aware, however, that this is a subject of increasing concern abroad as well. In our industrialized competitors, such as Canada, France, Japan, West Germany, Spain, Australia and Korea, the university's role in economic development has become a subject of intense public debate.[9]

Understanding the Broader Role of the State University

The value of the universities to the states is far greater than their role in economic development, as important as that is. There is a danger that the current emphasis on economic development will cause states to lose sight of the role that the major state university plays in enhancing the functioning of democracy. In this regard, the university educates those most likely to be society's leaders, serves as an open forum for ideas, encourages social mobility and advances knowledge through research and through the cultural development of the statewide community.

An editorial in one state's major newspaper, in support of increased salaries for faculty, cited the following rationale:

> "Legislators, who must approve the [university] budget, often fail to perceive that the university is a business. Its profits, rather than measured in dollars returned on dollars spent, are found in the graduation of productive students who contribute to the state's economy and culture. They are found in business lured to (the major cities] because of the existence of a good university. They are found in students who come here because of the existence of good teachers and high-quality programs. They are found in research and cultural undertakings that improve the overall quality of life in [the state]."

As every aspect of the state's affairs becomes steadily more complex, from economic development and protection of the environment to better health care and the integration of a more diverse population, the demand for a more effective university also grows. This leads to an interesting question: How do we distinguish between the reasons for which it is appropriate for society to use the university and those for which it is inappropriate? As the university becomes more central and more powerful, the occasions and the purposes for which people wish to use it grow as well. What are the distinguishing characteristics for what is appropriate? What are the limits?

If state leaders are concerned about the scholastic abilities of high school seniors, should they mandate university admission standards? If they are concerned about South Africa, should they press the University to divest? If they are concerned about health care among new immigrants, should they press for a new medical school admissions policy? We conclude that no simple formula will answer these questions, but adherence to the principles put forward in Chapter V will help to illuminate the boundaries.

The Trend in State/University Relationships

At the very time when the country is concerned anew about the importance of public universities, relationships between states and their public universities are becoming more complex. More often than not, the relationship is ambiguous and, in a number of cases, deteriorating. The picture is not all bleak. In some states, the relationship is constructive. In others—Ohio, New Jersey, Missouri, Tennessee—a concern for the importance of the university has led to new and innovative mechanisms intended to foster an improvement in the quality of the university (see Chapter III).

Over the last five years, all 50 states, have had some form of commission or blue-ribbon committee that has examined the state's future. All have identified the quality of higher education as a key ingredient. In 1986 and 1987, at least a dozen states were engaged in statewide studies related directly to improving the governance of their universities.[10] Similar studies have been completed in seven states since January 1985.[11]

The major concerns in these studies were:

- Duplication and conflict between two or more institutions
- Conflicts between the aspirations of urban areas and the destinies of more remotely located land-grant universities
- Conflicts about the future of high-cost graduate and professional programs
- Concern over too many institutions in a state and particularly proposals to change the missions or close isolated institutions
- Problems with the effectiveness of various boards
- Concern over the effectiveness of institutional leadership[12]

There is, however, no easy way to characterize the trend of university/state relationships. In some states, they have become less effective. In others, they are improving. **At a time when an effective relationship is known to be critically important, we should remember that we have much to learn, that there are 50 different approaches and no "typical" state.**

Recognizing the importance of the role of the state university, how then can the state government encourage the effectiveness of these institutions? How can the state ensure that its purposes and goals are being met by the universities? One would expect that this is, at least in part, a function of structure—the form of governance that the state uses for the state university. But, as we have come to realize, it goes far beyond just the organizational chart. Almost all state universities use the same internal organizational structure. Most states use one of only three forms of external structure to govern their universities—consolidated governing boards, multicampus systems, coordinating boards—or some combination of these.[13] Yet, even where the same structures are used, the state/university relationship varies from excellent to terrible.

More than structure, effective state/university relations are a function of the web of understandings between individuals and between organizations. In some states, this web of understandings, or tradition, is such that every issue becomes the new battleground for the next round of invective and competitive maneuvers. In others, the tradition is so constructive that a positive approach is ensured even in the face of ever-changing political environments or difficult problems. **A carefully constructed relationship that balances both accountability and autonomy and that recognizes that the university is by its very nature profoundly different from other state agencies is required for the university to succeed.**

The Unusual Nature of the University as a State Agency

Autonomy and flexibility are important because they enhance the university's critical functions. The process of teaching and learning, as well as free and unfettered scholarship, requires the university to have a degree of difference and separation from the regular process of government. The importance of this has been recognized since the founding of the first American universities. In many countries, this freedom from control is a constant cause of suspicion, and when the ability to tolerate the unique role of the university decays, as we have seen recently in Poland or with unfortunate regularity in much of Latin America, conflict ensues. But when universities of quality are needed, as the Chinese, for example, found after the Cultural Revolution, some buffering from the political system must be restored. The American approach has been to provide separation through a lay board of trustees and often through a legislated or constitutional provision of autonomy

Left totally to its own, the university will evolve toward self-interest rather than public interest.

An essential part of the quality of the university is the quality of teaching and research. The nature of teaching and learning and of scholarship and research depends on the environment within which they take place. It must be an environment conducive to creativity and risk-taking. Today, throughout American society, from fast food companies to automobile plants, there is a new recognition that a successful organization must release the latent creativity and desire to excel in its employees. Surely no organization matches the university in its need for creativity and self-motivation. Doing this requires a certain degree of free rein for both the faculty and students.

The autonomy of the university is also important because of its effect on the nature of free inquiry in a democratic society—a key point in the difference between the university and other agencies of the state government. Here is how Governor Thomas H. Kean of New Jersey described this need.

> ". . . [B]oth academics and statesmen have long recognized that one of the guarantors of freedom itself is the freedom of inquiry which the university must, by its very nature, espouse. It follows that the autonomy of the university, i.e, its ability to govern itself and to protect itself from external pressure and manipulation, is an essential condition of its very existence. In fact, the institutional support of academic freedom is so important that it can truly be said that the academic community cannot be free if the institution is not free."[14]

Although a significant degree of independence is essential, a constructive relationship recognizes the need for a system of checks and balances. **Left totally to its own, the university will evolve toward self-interest rather than public interest.** The state must, therefore, act as a constructive force. On the other hand, the state should leave the university the discretion to meet the state's overall goals by means developed on campus. The governance system must therefore encourage accountability as well as needed change while preserving the essential traditional values.

External forces, often represented by the state or federal government, have been the catalyst for many, if not most, of the major changes that have occurred in American higher education. This includes the land-grant movement, the post-war emphasis on research, the development of the community college, openness to women and minority students and the current concern for economic development. **The university needs a considerable degree of autonomy and flexibility so that it has the freedom to teach and research without politicized interference, so that creativity and imagination are encouraged and so that resources (including the time**

and energy of faculty, staff and students) are used efficiently. The university also needs the involvement of the state as a force for meeting the public's needs, as a force for change and is a force for accountability. The problem, therefore, is not to eliminate the state's role, but to perfect it.

The Growing Concern about the Relationship

There can be either an upward spiral in which there is gradual development of trust on the part of both parties in each other and in which the quality of the university improves or there can be a downward spiral of less trust and of gradual deterioration in the relationship and ultimately in university quality. One legislator described this process in his state.

> "In the last few months a number of world-class scholars have left our university for greener academic pastures. . . . A casual observer might conclude that the state . . . seems to have lost interest in higher education. The real problem, however, is not lack of interest, but lack of understanding. Specifically, our government appears to misunderstand the mission of a university and the need for autonomy.
>
> A university is not just like any other governmental agency. It is part of an international community. Its mission is not focused on the state per se, but on the pursuit, discovery, transmission of knowledge. Knowledge cannot be readily confined. A university's contribution to the state is to carry out its mission while being a part of the state's community, and by training the intellects of the state's people. By hosting a university, we are participants and beneficiaries of the pursuit of knowledge.
>
> The harsh fact that our state government has forgotten is that there are no great universities run by governors or budget analysts or legislators. There are no great centers of learning that are forced to submit to the open mistrust and control that we think are appropriate in this state. . . ."

In the interviews that we conducted, **there is a perception that the involvement of the state into the affairs of the university is growing.** To allow a bureaucratic stultification and loss of vitality to occur in the public universities would be a national tragedy. Yet more and more observers are concerned.

> "There is a growing fear on the part of academe that government has become too intrusive into campus matters and that it provides a real threat to academic freedom."[15]

> "[The calls] . . . for accountability from governors and legislators have increased significantly in recent years . . ."[16]

> "In the 1970s, growth slowed and budgets tightened in many states. Avoiding duplication became an urgent new priority even though no one seemed quite sure where the surgery should begin or end. . . . State budget officers and legislative oversight committees tightened their control over fiscal and administrative responsibilities traditionally controlled by presidents, vice presidents and deans. State coordinating officers turned to the review of academic programs, a function historically controlled by faculties and accrediting associations."[17]

A variety of reasons account for the growth of this activism (see Chapter III). But the result is that, just when the United States is increasingly challenged by a more competitive and complex world, there is also new concern over the relationship between the state and the state university.

The Measurement of Quality

Although there appears to be a close relationship between the autonomy and flexibility accorded a public university by the state and the quality of that university, it is difficult to prove. This relationship eludes quantitative measurement, yet it is widely acknowledged.[18] In addition, it also appears to work in the other direction as well—quality leads to more autonomy and flexibility. As part of an attempt to measure the quality of state universities and compare this to their relationships with their states, we asked university presidents throughout the country: "If you could be the president at any state university in the country (ignoring geographic appeal), where would you go and why?" Only a handful of campuses were named again and again: the University of California at Berkeley, the University of Michigan, the University of Illinois at Champaign-Urbana and the University of Minnesota. Also named repeatedly, though less frequently, were the University of Washington, the University of California at Los Angeles and the University of Virginia.

The reasons were almost always identical—their perceived quality and their ability to function with a high degree of autonomy that allows the maintenance of that quality. Interestingly, a number of campuses were cited with qualifiers because of relatively recent changes in the operational environment which were thought to be detrimental—for example, the University of Wisconsin at Madison—"A great campus but with an increasingly bureaucratic system" (however, see Chapter IV for the governor's proposal to address this issue); or the University of North Carolina at Chapel Hill—"Terrific campus. But, will life be different without [recently retired president) Bill Friday?"

> *"The harsh fact that our state government has forgotten is that there are no great universities run by governors or budget analysts or legislators."*
>
> State legislator

These same institutions show up on the other measures of quality that are available: the ratings of graduate and undergraduate programs by educational associations, the National Science Foundation rankings of institutions by the number of competitive research grants awarded and even the rankings by popular magazines. Each of these ranking systems has its flaws, but taken together, they represent a rough but reasonable ranking.[19] **Despite the difficulties of measurement, one can say with certainty that those universities ranked at the high-quality end have developed an effective relationship with their state that includes substantial flexibility. Conversely, in those states where the relationship is poor, so always is university quality.**

The Role of Resources

Factors other than the state/university relationship are also essential in achieving a high-quality university. Most notable among these is resources. As is true in comparing the more abstract concepts of quality or autonomy, comparing resources across universities is not simple. While per-capita expenditures on instruction, for example, may seem easy enough to compare, in practice they are not. University revenues and expenditures are affected by the presence of different types of professional schools (eg., medical schools are far more costly than law schools), cost-of-living differences, retention of tuition dollars, treatment of capital expenditures, income from endowment and gifts. These are only a few of the factors that make relative costs hard to compute. Still, we attempted to measure at least the approximate relationship between use of resources and the quality of the universities.

Only a fool would argue that resources are unimportant. Most of the best universities are at the high end of the scale in resources, and most of the lesser universities are at the low end. Yet there are universities with seemingly large per-capita expenditures that are mired in mediocrity or, worse yet, poor quality. A number of universities of excellent and growing quality, such as Utah, Vermont and Virginia, operate with fewer financial resources than one might expect.

It is essential to note that this should not be construed as an argument that quality can be achieved without the necessary funding. All universities need resources. Even those noted above need resources to address critical problems.[20] The point is that there needs to be an open discussion both about money and about creating a climate of aspiration and effort that maximizes the results of those expenditures. Resources are essential, but they are not a guarantee of quality.

The central issue that will determine the quality of a university is the success of its relationship with the state, not just its resources.

The Nature of the Relationship

From our experience in this study we can draw a number of conclusions about the nature of that relationship.

- It is not the case that the university is good and that the state is bad. **States do, indeed, intrude inappropriately—and far too frequently; however, the university is itself often the direct cause of inappropriate intrusion.**
- It is common to think of the relationship between the state and university in terms of a single spectrum with university autonomy at one end and state control or accountability at the other. In this model, the primary policy decision deals with how far toward either end of the spectrum the actual relationship should be placed. We found this model not only inaccurate but misleading. Rather, one should realize that **the university and the state have different roles.** A critical question of public policy is how do the university and the state work together so that the appropriate role of each is enhanced?
- The state role is essential. Not only is the state an essential force for accountability and for the assurance that the university will meet the public interest, but it is clear from the history of American higher education that external forces are essential to encourage change within the university. Often, the most important changes have come about because of state or federal action. **We need, therefore, a strong but appropriate state role.**
- There is a tendency to think in terms of the state and of the university as two distinct entities separated by a no-man's land. They lob budget requests and accountability demands back and forth with periodic sallies by state personnel into the affairs of the university—sallies that would be called inappropriate intrusiveness. This model is far too simplistic. **In the past 35 years, the no-man's land between the state and the university has been filled by an array of coordinating boards, governing boards and multicampus systems. It is no longer simple to describe where the state ends and the university begins.** This complicates the concept of a separate role for each. As a result, the interaction between them is often misunderstood, and the policy planning necessary for making systems or boards a success is absent.
- **Questions about the state/university relationship often are treated simplistically, but they are remarkably complex.** The same issue looks quite different to different

people even when they have been involved in the same meetings and discussions. There is usually a gray area between the obvious right and the obvious wrong. It is hard to find objective measures by which inappropriate intrusion can be described. As a consequence, the creation of an effective relationship is not a matter of following a simple set of guidelines or eliminating a set of intrusive behaviors that can be readily described.

- **States and universities can do a better job in their interaction.** It is a matter of mutual determination. Both the state and the university can do much to help build a constructive relationship, or they can do much to subvert the relationship. In some states, the relationship enhances the quality of the university, and in others, it stifles the university.

What Can Be Done?

If the relationship between the state and university is complex and not easily described or measured, can increasingly effective relationships be encouraged and negative ones reversed? **We conclude that much can be done. No state lacks the capacity to have a state university of high quality.** We find no compelling reason why all of the 50 states and the approximately 100 universities that we have included in this study cannot work effectively to achieve much higher levels of quality, greater accountability and increased levels of service to the state.[21] The benefit to the states and to the country would be enormous.

The aspiration to have high-quality universities is absent in . . . at least half of the states.

It is clear that the purpose should not be to create autonomy for the convenience of those who administer the university. **Rather, the purpose is to create mutually supportive relationships that enhance the quality, the efficiency and the responsiveness of the university to the appropriate state need.** In this regard, the way the governance system is used is clearly important.[22] To quote a former president of a major state university and student of governance:

> "The growth of . . . cooperation [between higher education and government] will be dependent on two things: first, the climate of opinion . . ., second, the availability of practical machinery to encourage cooperation. [It] rarely just happens."[23]

What is it that makes the difference? We have found that the following three characteristics are the most important.

- **Aspiration**—the visible, living and breathing determination of those within the state—in the state government, in the university and in the public—to create a state university that is truly of high quality, of appropriate mission and of public service
- **Tradition**—the gradual development, over long periods of time, of an understanding about the nature of the university, its relationship with the state and the nature of the working relationship and responsibilities among the many people involved
- **Leadership**—the capacity of individuals in the university and state government to provide not just effective management, but vision, and to exercise their powers wisely and with courage. Essential in this is state government and board support for institutionally led risk-taking so that those leaders willing to take the difficult and often unpopular steps that lead to quality will be encouraged. Both political and academic leaders must sacrifice short-term gains with their constituents for long-term progress.

As straightforward as these points may seem, we have come to them only after a great deal of study. Aspiration is perhaps the most critical because it is the wellspring of the others. That it is essential does not, upon reflection, seem to us surprising. **But the aspiration to have high-quality universities is absent in a remarkable number of cases we studied—we would argue that it is absent in at least half of the states.** This is hard to imagine, but it is so. Where it is absent, so is quality and even the promise of quality in the future.

Achieving significant progress on this front requires a candid public discussion. States and their universities need to examine—together—the actual relationship they have with each other; the real incentives that affect the behavior of leaders; and the roles that are played by the state, the board, the chancellor and the presidents. Then they must ask themselves if they can find more effective approaches.

There is an urgent need for debate about how to make the state role more thoughtful. U.S. Senator Terry Sanford (N.C.) once said, "More universities probably have been harmed through political indifference than through political interference." There is a need for those in office, both in the state governments and in the universities, to address openly and carefully the workings of the system that is now in place, the incentives that they encounter as they go about their work and the constituencies with whom they must deal.

Such a discussion is complicated by the obvious fact that the parties to it are in a daily working relationship with one another, yet we believe the subject can and must be aired. **Given the importance of the state university, we deserve and should expect no less. Put simply, inappropriate intrusion is a barrier to progress and a barrier that we cannot now afford.**

Notes

1. International comparisons are inherently difficult, but some help can be gained from the following works: Barbara B. Burn et al., *Higher Education in Nine Countries: A Comparative Study of Colleges and Universities Abroad,* a report prepared for the Carnegie Commission on Higher Education (New York: McGraw-Hill, 1971); Stephen K. Bailey, ed., *Higher Education in the World Community* (Washington D.C.: American Council on Education [ACE], 1977); Barbara B. Burn, *Expanding the International Dimension of Higher Education* (Berkeley, Calif: Carnegie Council on Policy Studies in Higher Education, 1980); Philip G. Altbach, *Comparative Higher Education* (London: Mansell, 1979) and *Comparative University Reform* (Washington, D.C.: American Association of Higher Education, 1981); Burton R. Clark, ed., *The Higher Education System: Academic Organization in Cross-National Perspective* (Berkeley: The University of California Press, 1983), *Perspectives on Higher Education: Eight Disciplinary, and Comparative Views* (Berkeley: University of California Press, 1984) and *The School and the University: An International Perspective* (Berkeley: The University of California Press, 1985); Maurice Kogan, "Government and Higher Education: The Legitimacy of Intervention: The British Experience," paper presented at the Higher Education Conference, Ontario Institute for Studies on Education, October 1986. In addition, the Carnegie Council on Policy Studies, the International Council for Educational Development, the European Cultural Foundation and the Organisation for Economic Cooperation and Development have all published extensive comparative studies in higher education. The lack of an effective government/university relationship has been particularly dangerous for European universities in the last two decades as European governments have tended to overrun university autonomy to reach broader social and economic goals. The recent transformation of the University Grants Committee in Britain or the U68 Reform in Sweden are examples.
2. Remarks to the Steering Committee of the Education Commission of the States, San Antonio, Texas, April 4, 1986.

3. Governor Terry Branstad, quoted by *Washington Post* columnist David Broder in *The Denver Post,* February 26, 1987.
4. The Colorado Springs *Sun,* June 24,1984.
5. State-of-the-state speech, January 1987.

Also, on January 9, 1987, the Colorado Association of Commerce and Industry, a private business group, presented the *Blueprint for Colorado* to the governor and legislative leaders. The document proposes a sweeping array of programs to bring the state out of its economic woes. Included in the plan are recommendations for higher education.

"One of the most expensive categories in the blueprint, higher education, would receive a proposed increase in annual funding of more than $28 million to improve college and university degree programs, expand research and training in computer engineering and develop 'centers of excellences' in space sciences, biotechnology and mining systems.

The blueprint's heavy emphasis on increased funding of undergraduate degree programs—up to $20 million—is a result of projections that show the bulk of new business and industry locating in Colorado will be small businesses and service industries that depend on employees with bachelor-degree-level educations" *(The Denver Post,* January 8, 1987).

Higher education leaders have also argued this frequently. As one example, the chancellor of the Oregon State System of Higher Education, William ("Bud") Davis, in a December 12,1985, speech declared that:

"Oregon's economy is in transition . . . [changing from one] that is highly dependent upon natural resources to one that is more diversified. . . . Science and technical training are becoming increasingly important. University research plays a vital role in our states economy. Annually, our universities attract over $125 million in gifts, grants and contracts that are spent employing people and purchasing goods and services in local economies. Research conducted at the agricultural experiment stations has resulted in [increased] productivity and value of Oregon agriculture. Forest products research has also increased the growth of Oregon's forests. Marine science research has enhanced the productivity of our coastal industries. Basic and applied research in electrical engineering and robotics seeks to sustain our growing microelectronics industries. Recent developments in genetic engineering and the biological sciences and the application of new technology to human health care have the potential of producing many new jobs in this state and across the country

[We need] a strong partnership between higher education, state government and business and industry to identify the desired goals, organize the resources and deliver the programs. . . ."

6. *Location of High Technology Firm and Regional Economic Development,* staff report for the Subcommittee on Monetary and Fiscal Policy (Washington, D.C.: U.S. Government Printing Office, 1982), p. 51.

States recognize the value of quality education and boast about it publicly. For example, literature published by the state of California contains the following: "We spend more money on education—at all levels—than any other state. . . . Our graduate schools lead the nation in the fields most critical to growth. . . . Want to see your business take off? Write the California Department of Commerce." (State of California, Department of Commerce).

Oklahoma's Department of Economic Development advertises that college-bound Oklahoma students test well above the national average and that the state mandates improved teacher education, a reduction in class size and extensive student testing. (Oklahoma "The Profitable Place to Be" Campaign, Oklahoma Department of Economic Development, Suite 303, PO Box 53424, State Capitol Station, Oklahoma City, Oklahoma 73152).

Rhode Island Governor Edward DiPrete made his state's stand on this issue clear during a speech in which he declared, "It is imperative that we act to develop and attract the growth industries of the future and to cultivate a work force with the education, skills and training required to meet the challenge of tomorrow's economy." Among other programs, he announced that his administration was seeking $1 million to expand the Rhode Island Partnership for Science and Technology, a "unique partnership between business and government and . . . the rich resources we have in our state's educational facilities . . ." (speech to the Rhode Island Public Expenditure Council's annual dinner, October 8,1986).

Illinois initiated a variety of programs that utilize the resources of higher education to attract business to the state. Two of these are the Illinois Resource Network, "a computerized data bank of university faculty available to work with industry on joint research projects or for general consultation" and "technology commercialization centers, located at eight universities around the state to help faculty commercialize ideas and assist companies to develop their products . . ." ("Pieces of a High-Tech Puzzle," *The Chicago Tribune,* December 16,1985).

The chairman of the Nevada Board of Regents stated: "We know industry that is relocating is interested in our higher education system." To inform and attract industry decision makers, therefore, the University of Nevada chancellor at the time estimated that he spent two-thirds of his time courting them with the full support of the board ("Bersi Courts Industry for State," *Las Vegas Review Journal,* February 8, 1985).

7. For a fuller description, see James Botkin and Dan Dimancescu, *The New Alliance: America's Research and Development Consortia* (Cambridge, Mass.: Ballinger Publishing Company, 1986).

Some examples are: the Microelectronics Center in North Carolina, the Microelectronic and Computer Technology Corporation in Texas, the Robotics Institute at Carnegie Mellon, the Center for Integrated Systems in California and the Thomas Edison Program in Ohio, These programs make it possible for companies to tap into the vast pools of talent and knowledge that universities represent for high-tech research much more cost-effectively than if they did the research on their own. Hopefully; they will engage in technology transfer to benefit a variety of industries and sectors of the economy

A particularly good example of a consortium working well is the Manufacturing Engineering Applications Center (MEAC) at the Worchester Polytechnic Institute in Massachusetts. It is a partnership consisting of one institution (with a special exchange relationship with the Technical University of Berlin), four companies (Ernhart, General Motors, Norton Company and Digital Equipment Corp.) and one former company (Cincinnati Millacron-Heald Division) that excel in technology transfer and specialize in applications. Industry workers are re-schooled by MEAC; students work on real industry problems; very successful new hires have been documented.

8. U.S.C. 301, enacted July 2, 1862. Ch. 13, sec. 1, 12 Stat 503.
9. For example, in Canada:

A government spokesman argued that universities have a role of the highest order to play in solving Canada's economic problems. The official, who is responsible for postsecondary education, called for an end to the federal/provincial disputes that in recent years have limited higher education's potential. Only then can all the players in the education community get on with the task of building the momentum necessary to unleash economic growth (Mark Gerson, "Canadian Universities Charged with a Key Role in Solving the Country's Economic Problems," *The Chronicle of Higher Education,* March 20,1985, p. 39).

And in France, where there is a growing campaign to free the universities from excessive state control:

A report published by the prestigious College de France, the country's leading academic institution, stated that French universities should be given greater independence from the state and more freedom to manage both their internal affairs and their relations with the outside world.

At the same time, the report's emphasis on the need to encourage greater differentiation and competition among institutions of higher education and to diversify their sources of financial support, reflected many of the priorities being pursued by the government under its new minister of national education.

The government prepared a set of proposals for legislative action that would increase the autonomy of universities, a necessary step toward what it described as "unity in and through diversity" (David Dickson, "Greater Autonomy for Universities in France Urged in New Report," *The Chronicle of Higher Education,* April 10, 1985, pp. 35–38). The French government also prepared a series of reforms for parliamentary debate that provide for substantially greater autonomy (Dickson, "French Plan Would Permit Universities to Set Own Admission Standards;" *The Chronicle of Higher Education,* July 30, 1986, pp. 31,32). It was these proposals that sparked the recent student protests in France.

In Japan, a council established by the prime minister is addressing how the higher education system must be changed because: "Today we are facing dramatic changes in our circumstances, both domestic and overseas, as well as great changes in the times. I am convinced that the time has come to develop new policies for implementing the necessary reforms in political, economic, social, educational, cultural and other fields so as to adequately cope with these changes and thus safeguard the future of our nation. To this end, it is necessary for us, I believe, to reform our educational system with a long-term perspective and make this a responsibility of the entire government. Educational reform involves more than the reform of education alone. It will inevitably lead to reform of Japanese society itself. Bearing this in mind. . . . [we must] deliberate on educational reform so as to respond to the expectations of all segments of our population and take into account their opinions to the greatest extent possible" (Robert Leestma et al., *Japanese Education Today, A Report From the U.S. Study of Education in Japan* [Washington, D.C.: U.S. Government Printing Office, 1987], p. 64).

In March 1987, ECS held a three-day symposium with its counterpart, the Australian Education Council, the theme of which was the importance of education to economic development.

10. Among these states are California, Louisiana, Maryland, Missouri, New Mexico, North Dakota, Oklahoma, Rhode Island, Texas, Kansas, South Carolina and Wisconsin. The study in Louisiana focused primarily on the feasibility of merging the governance of two institutions, and the study in Missouri related only to the University of Missouri. In Wisconsin, two studies were under way—one by the board of regents and the other by a joint Legislative Audit Committee. In North Carolina, a study funded by the Reynolds Foundation is continuing. Not included in this listing are states such as Connecticut and New Jersey that had special study groups on state policy and independent higher education or Colorado that had a special study under way concerning the quality of teacher education.
11. Colorado, Maine, Mississippi, New York, Pennsylvania, South Carolina and Washington, Alaska, Connecticut and Kentucky have recently completed or are engaged in debates about revisions in a state higher education plan. In Florida, the board of regents conducted a special study of financing the state's universities. (A focus only on special state studies as an indication of the extent of state activity on major issues affecting universities understates the amount of state concern. For example, at least half the states focus on continuous, strategic planning and do not emphasize preparation of a "master plan" or similar document. For a detailed summary of these studies, see Aims C. McGuinness Jr., *The Search for A More Effective State Policy Leadership in Higher Education,* working paper PS-86-1 (Denver: Education Commission of the States, 1986).

12. When we examined the 17 recent studies of higher education, the issues ill the text appeared with remarkable consistency as the forces motivating states to mandate reviews of their higher education systems. They include specific, long-standing disputes that frustrate political leaders because seemingly rational solutions do not seem politically feasible.

    Beyond these specific concerns are more general allegations focused on the various boards, including that:

    - The current governance system has contributed to (or at least done nothing to counter) the evolution of a diffuse, directionless and mediocre higher education system (the focus is often on specific board members or the board's executive officer).
    - The current higher education board has drifted into a ministerial, regulatory mode divorced from or irrelevant to the central policy concerns of the state, or the current board appears to be incapable of providing the policy leadership to connect higher education with the state's future. Again, the focus is frequently on specific personalities. The perceived problem is not unique to a specific kind of board—coordinating or governing. In both cases, activities drive out policy deliberations.

      Whether mentioned explicitly or not, all the studies point to the need for more effective leadership. Two themes are common.
    - The need for more effective institutional leadership (by governing boards, chancellors and presidents), both in terms of increasing institutional prestige and contribution to the state's well-being and of making a contribution to the effectiveness of the higher education system as a whole. The studies frequently suggest changes in system leadership in order to recruit and retain better institutional leaders (Maine, Colorado, Washington).
    - The need for stronger statewide policy leadership. The motivation behind these recommendations ranges from a desire for a board or chancellor who will "get the system under control and make it more responsive to legislative demands," to a desire for a board or chancellor who will set forth a vision for how higher education can contribute to the state's future, raise the level of the state's aspiration for its higher education system and pursue strategies that will resolve long-standing policy dilemmas.
13. **Consolidated governing boards** govern two or more institutions, often only one of which is a university The institutions function as separate academic entities. The governing board performs all of the functions normally associated with a board of trustees: hiring the chief executive officers of the institutions, developing and implementing policy, allocating resources among the institutions, etc. In some systems headed by consolidated governing boards, the institutions also have their own boards that perform limited functions as delegated by the central board. **Multicampus systems** are systems that have a chief officer (chancellor) to whom the campus presidents report. They have evolved from, and function from, the governing and academic base of a major university campus or, in a few cases, have been formed to govern a sizeable number of institutions. Some of these systems have several campuses with university status, while in others there is a flagship campus and one or more branch campuses with missions focused more on undergraduate education. A **coordinating board** is not a governing board but an agency of state government formed to carry out certain functions in the areas of statewide planning, budget and program review and approval, administration of state student aid programs, etc. Generally, coordinating boards coordinate several governing boards—boards of single institutions or of either consolidated governing board systems or multicampus systems.
14. Annual message to the New Jersey State Legislature, January 8, 1985.
15. T. Edward Hollander, *Policy Studies Journal,* Vol. 10, No. 1, September 1981.

16. James R. Mingle, ed., *Management Flexibility and State Regulation in Higher Education* (Atlanta: Southern Regional Education Board, 1983).
17. Carnegie Foundation for the Advancement of Teaching, *Control of the Campus* (Washington, D.C.: CFAT, 1982), p. 39.
18. We were unable to find any quantitative studies that helped us measure levels of intrusion and find this approach often misleading. Among the most ambitious recent efforts to identify the effects of autonomy through quantitative analysis are the studies by J. Fredericks Volkwein. In one study of 88 Ph.D.-granting research universities in 49 states, as Volkwein himself emphasizes, severe limitations in available data make it difficult to show relationships through quantitative analysis. In other words, the limitations mean that the study can be used neither to support nor to refute the argument that autonomy makes a difference. The danger, however, is that studies such as these will be used to argue that, since no relationship can be established by quantitative analysis, no relationship exists. We would strongly disagree with such an assertion, given the current state of the art of quantitative analysis in this field. In a number of cases where the information available to us from interviews and other methods showed serious cases of intrusion, his measures failed to identify any problem. Volkwein concluded: "Once a number of control variables are entered into a regression analysis, there are virtually no differences on the dependent measures between universities which enjoy a great deal of autonomy and those which are subjected to relatively heavy oversight. Thus, there is no evidence that a heavy dose of state fiscal control saves the taxpayers any money or forces universities to operate more efficiently. Nor, however, is there evidence in this study that freedom from the burdens of external oversight enables universities to shift resources out of administrative processing and into other more productive activities . . ." ("State Financial Control Practices and Public Universities: Results of a National Survey," paper presented to the annual meeting of the Association for the Study of Higher Education [ASHE], Chicago, Illinois, March 1984, p. 8). In subsequent research, Volkwein described state regulatory practices and examined the relationship of these practices to various state and institutional characteristics. While his analysis found partial support for a few of the expectations (for example, that constitutional status had some relationship to autonomy from financial and personnel regulations), no significant relationships could be identified for most of the variables ("Correlates of State Regulation and University Autonomy," paper presented at the annual meeting of ASHE, San Antonio, Texas, February 1986).
19. See Alexander W. Astin, *Achieving Educational Excellence* (San Francisco: Jossey-Bass Inc., Publishers, 1985) for review of research on measuring quality of higher education. Astin identified four traditional ways of defining quality: reputation, resources, outcomes and content. The most widely publicized reputational ratings for major universities are those for graduate schools based on ratings by faculty members in graduate and professional fields. These include A.M. Carter, *An Assessment of Quality in Graduate Education* (Washington, D.C.: ACE, 1966); K.D. Roose and C.J. Anderson, *A Rating of Graduate Programs* (Washington, D.C.: ACE, 1970); and L.V.Jones, et al., *An Assessment of Research-Doctoral Granting Programs in the U.S.* (Washington, D.C.: National Academy of Sciences, 1982). In an analysis of reputational ratings of major universities, Astin found remarkable consistency among various surveys regarding the top 20. The following public universities are most frequently in that list: University of California at Berkeley, University of California at Los Angeles, University of California at San Diego, University of Illinois at Champaign-Urbana, Indiana University, University of Michigan, University of Minnesota, University of North Carolina at Chapel Hill, University of Texas at Austin, University of Virginia. In his analysis of reputational ratings of undergraduate programs, Astin (1985, p. 33) found a high correlation between a weighted combination of selectivity and size. Selectivity, measured by composite SAT scores, is highly correlated with total educational expenditures per student and average faculty salaries (Astin, 1985, pp. 5, 10). In his analysis of reputational ratings of undergraduate

quality, Astin found only one public institution, the University of California at Berkeley in the top 20 institutions in terms of overall quality of undergraduate education; when rated in terms of faculty commitment to undergraduate teaching, no public institution appeared in the top 20 (Astin, 1985, p. 35). An example of a more "popular" rating of the "best" colleges and universities are the reports published in 1983 and 1985 by *U.S. News and World Report,* based on surveys of college and university presidents. In both surveys, the same universities were listed as the "best" national universities. This included two public universities—the University of California at Berkeley and the University of North Carolina at Chapel Hill—which were ranked in the top 10 "national universities," while two other public institutions—the University of Michigan and the University of Virginia—were listed as "noteworthy" ("Rating the Colleges," *U.S. News and World Report,* November 28, 1983; "America's Best Colleges," *U.S. News and World Report,* November 25,1985).

20. In particular, the University of Utah is in danger of losing much of its hard-won gains as a result of the difficult financial straits the state finds itself in in mid-1987, a subject of concern to both the university and the state leaders. While recent higher education budgets in Utah have been constrained, Governor Norman Bangerter has fought hard for a tax increase to pay for education.
21. In some states, to achieve one or more universities of truly high quality would take not only a changed attitude about the university, but a changed attitude about the state and about resources.
22. It is not necessarily the *structure* of governance. All universities use essentially the same internal organizational structure. Additionally, the governance structures external to the campus (the multicampus systems, coordinating boards and governing boards) are generally similar. Only if the universities are aggregated into a system of large size—that is, of many campuses under one board—does it seem to be the structure itself that affects quality. When one examines the different states, one finds that a structure that works well in one state produces quite different results in another state.
23. Harold Enarson, "Cooperative Planning to Meet the Needs of Increased Enrollments" *Current Issues in Higher Education,* G. Kerry Smith, ed. (Washington, D.C.: American Association for Higher Education, National Education Association, 1956), p. 321, as quoted in Robert O. Berdahl, *Statewide Coordination of Higher Education* (Washington, D.C.: ACE, 1971).

Public Universities and State Governments: Is the Tension Benign?

ROBERT BERDAHL

In any public university system, the relationship between the state's demands for utility and accountability and the universities' needs for academic freedom and autonomy create various and serious tensions. Are these tensions benign? It depends. In this essay, I will attempt to explain why I answer in such a non-definitive fashion.

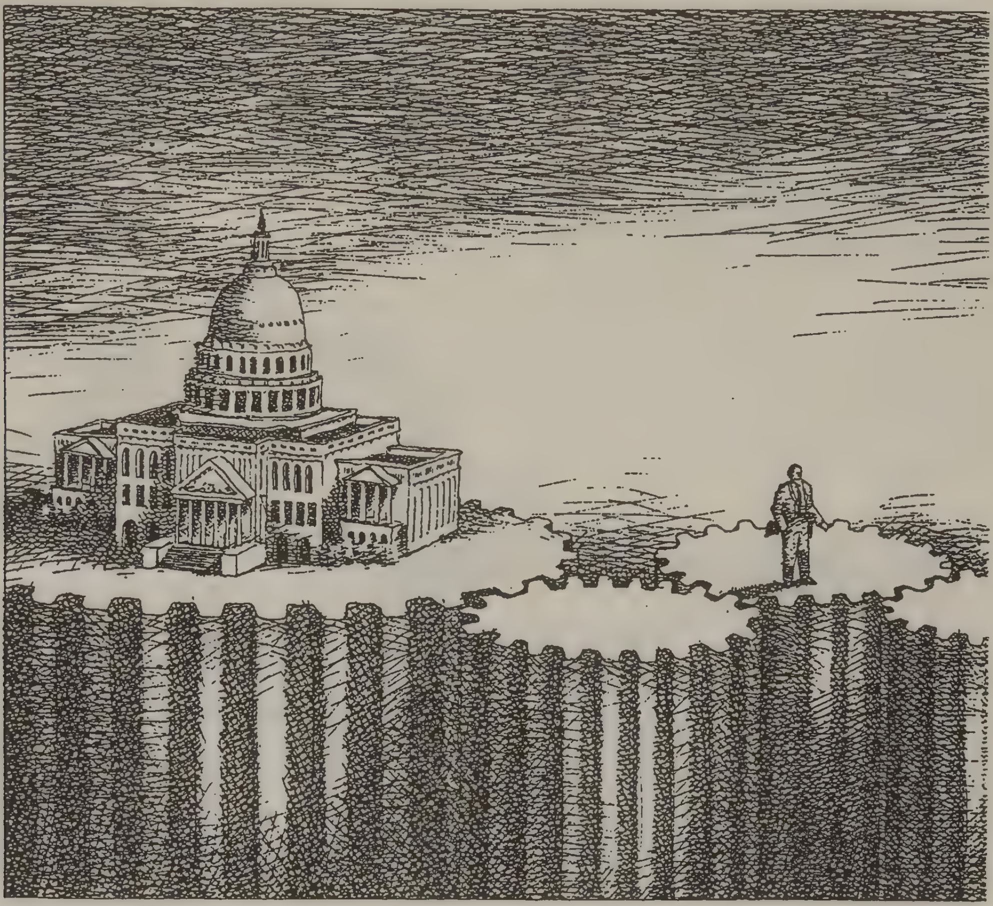
A major source of friction is that many in academe are trying to protect too much, and many in state government are trying to claim too much. Both sides fail to recognize that academic freedom and university autonomy, though related, are not synonymous, and that university-state relations in the one area may quite properly differ from those in the other.

Universities are distinctive social institutions that receive special treatment regarding their academic freedom and procedural autonomy, but the states have a legitimate partnership role in substantive policies. Whatever their faults of omission or commission, the statewide boards of higher education (which have been created in forty-seven states) play a crucial role in helping both sides to the partnership determine substantive policies, as well as whether the various tensions stay benign or become pathological.

In discussing the increasingly complex relations between universities and governments, one must be clear in the use of such terms as "accountability." At first glance, the terms "autonomy" and "accountability" do not seem to present semantic problems. Taken simply, total autonomy is the power to govern without outside controls, and accountability is the requirement to demonstrate responsible actions. In theory, the argument has been made that autonomy and accountability are not incompatible; in practice, one senses that usually when more accountability is required, less autonomy remains. The ideal is a balance of both conditions. Too much autonomy might lead to socially unresponsive universities; too much accountability might destroy the necessary ethos of academic freedom.

The challenge, however, is even more complicated than attaining balance. One needs to make more subtle distinctions under each major heading. For example, given academic complaints about external "intrusions" into institutional autonomy one needs to determine whether an act "intrudes" into an issue of academic freedom or into an issue of substantive or procedural autonomy. Following Eric Ashby[1], I argue that academic freedom and institutional autonomy are not the same thing, and that the academy's reactions should reflect these distinctions.

- *Academic freedom* is the freedom of the individual scholar in his/her teaching and research to pursue truth, wherever it seems to lead, without fear of punishment or termination of employment for having offended some political, religious, or social orthodoxy.



- *Substantive autonomy* is the power of the university or college in its corporate form to determine its own goals and programs.
- *Procedural autonomy* is the power of the university or college in its corporate form to determine the *means* by which its goals and programs will be pursued.

Obviously, these three terms are interrelated. For example, a college enjoying greater autonomy would seem more able to protect the academic freedom of its faculty; or a government could impose such a heavy set of procedural controls as to have a serious impact on a college's ability to achieve its self-chosen substantive goals. Notwithstanding such blurring of categories in practice, it will be helpful in analyzing the relations between higher education and government to keep these three terms conceptually distinct.

I believe that the following are widely accepted as a set of general principles.

- Governments ought to stay away from actions that threaten the vital academic freedom of persons undertaking teaching and research at universities and colleges.
- Governmental *procedural* controls are probably counter-productive and certainly irritating, but they do not justify the same shrill note of academic outrage that might be voiced in response to threats to academic freedom.
- In the crucial domain of *substantive autonomy,* states and their universities must form a constructive partnership in which, while *force majeure* obviously lies with the state, there should be sensitive mechanisms for bringing together state concerns regarding accountability and academic concerns regarding autonomy.

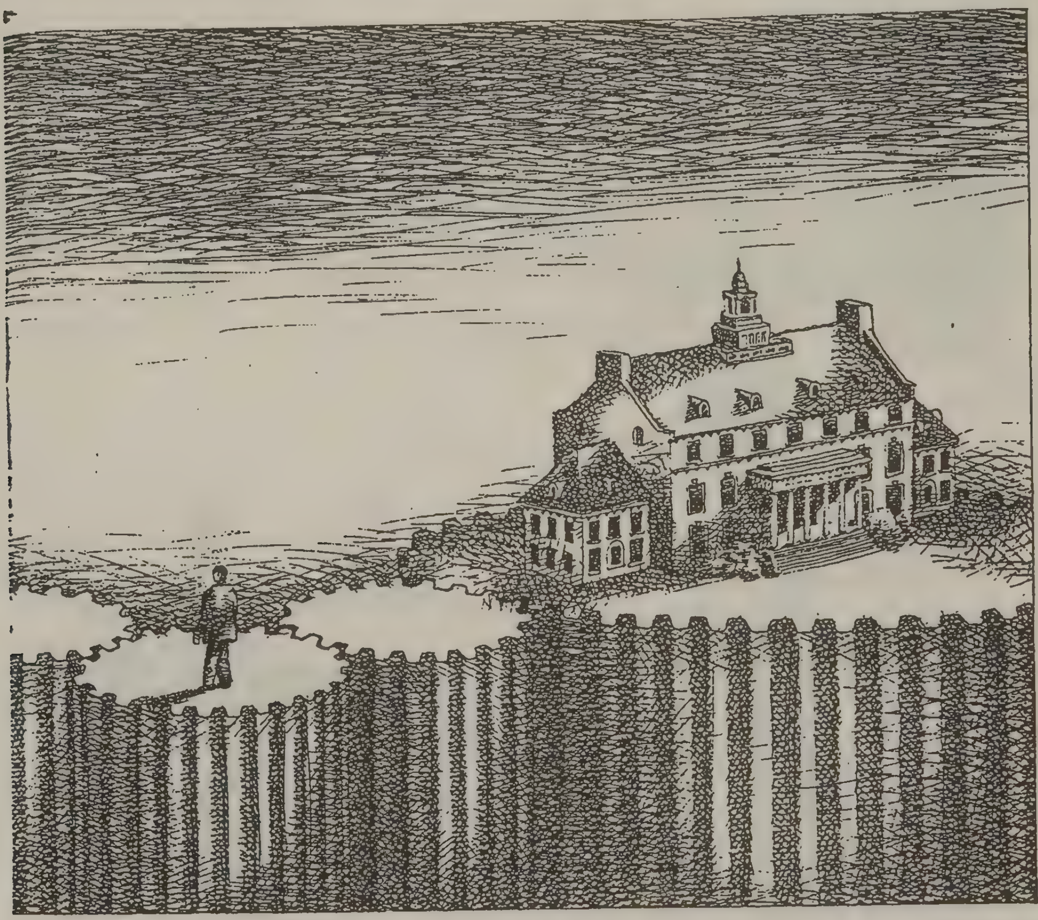


ILLUSTRATION: MICHAEL CHIHS

What is needed, then, is some ongoing process by which these perspectives can be reconciled. One can envisage at least three major modes of reconciliation: bottom-up voluntary cooperation; top-down consolidated governance; or some intermediate form of statutory coordination that, while more structured than cooperation, stops short of consolidated governance.

Comparative experience suggests that voluntary cooperation generally is unable to make tough decisions because it usually operates on a principle of near unanimity; thus, vigorous objection from one member is enough to freeze its progress. The consortium movement in the U.S. bears witness to the limits of interinstitutional cooperation. It can accomplish much that is good, but normally it cannot reconcile strong clashes in institutional ambitions.

While the authority to resolve the academic and governmental perspectives could be obtained by a political decision to merge all universities and colleges into one consolidated university, comparative perspectives again suggest that this response could lead to too much accountability and too little autonomy (certainly at the level of the individual campus!). Those states where such consolidation has occurred exhibit stronger powers for top-down retrenchment—and often are appealing to politicians who yearn for more simplified patterns of accountability. But these states also frequently exhibit excessive centralization of powers and a preoccupation with governance that often preempts careful planning and coordination.

In rejecting both voluntary cooperation and consolidated governance as effective means of reconciling the legitimate perspectives of both academe and government, coordination is left as the most desirable (or least undesirable) means of accomplishing this vital process.

Coordination: political, bureaucratic, academic, and market

I come now to my major argument: A state that carefully honors academic freedom and scrupulously refrains from inappropriate procedural controls may nevertheless harm its system of higher education by intervening inappropriately in substantive matters.

While there is some ground for encouragement that the more crass forms of intrusion by legislators and governors may be lessened through the increasing professionalism of groups such as the National Council of State Legislatures, the National Governors' Association, and the Education Commission of the States, there is no guarantee against powerful political figures imposing personal policies on higher education in a given state at a given time.

In the absence of general principles on how to deal with the crucial problems of interpersonal relations in the domain of educational politics, one must turn to other factors that might help higher education/state government relationships become more constructive. While statewide boards of higher education vary enormously in their effectiveness, those with good leadership, staff experienced in higher education, and good strong lay persons as members can play an essential role.

The structure, functions, membership, and staffing of the buffer agency thus become crucial elements, but in discussing the role of such an agency as a potential "suitably sensitive mechanism" in its responsibilities for coordination, I must heed Burton Clark's warning against treating the coordination process too narrowly as a function of a bilateral government-institutional relationship. In an insightful article entitled "The Many Pathways of Academic Coordination," he urges that, to the political and bureaucratic modes of coordination which we all recognize as traditional, we must add two modes derived from the academic profession and from the market: *All . . . systems involve all four of the major forms specified here and all four are apparently required for effectiveness. The special function of political coordination is to articulate a variety of public interests . . . as these are defined by prevailing groups within and outside of government. The special function of bureaucratic coordination is to compose a formal system out of fragmented parts and to provide fair administration. The function of academic oligarchy is to protect professional self-rule, to lodge the control of academic work, including its standards, in the hands of those permanently involved and most intimately connected with it. And the special function of the market is to enhance and protect freedom of choice, for personnel, clientele, and institutions, and thereby indirectly promote system flexibility and adaptability.*[2]

Clark does not argue that each system has an equal share of the four different modes of coordination, but rather that the proportions of each vary markedly from one system to another.

Although many U.S. state systems historically have been market driven, they also have seen recent increases in political and bureaucratic interventions. To face the sensitive problem of quality control during periods of retrenchment, one should seek out and develop mechanisms to increase the fourth and weakest component: the academic side of coordination. This would mean stronger faculty senates on the local governing level, and more effective faculty participation in statewide policy processes through such devices as membership on technical advisory committees and participation in systemwide and statewide faculty advisory structures.

Ashby argued that it might be wise to preclude friction between universities and government by negotiating carefully (at a time when no crisis would poison the atmosphere between them) a "concordat" of rights and responsibilities for both government and the universities.[3]

But Stephen Bailey, when vice president of the American Council on Education, argued eloquently about the dangers of such an approach: *At heart we are dealing with a dilemma we cannot rationally wish to resolve. The public interest would not . . . be served if the academy were to enjoy an untroubled immunity. Nor could the public interest be served by the academy's being subjected to an intimate surveillance. Whatever our current discomforts because of a sense that the state is crowding us a bit,* the underlying tension is benign *[emphasis added].*[4]

Bailey then dissented from the concordat approach, saving that "the precise border between the state and the academy is, and must be kept, fuzzy. For if a precise delineation is sought . . . the state has more than the academy of what it takes to draw the line."[5]

The Carnegie Commission on Higher Education, however, under the leadership of Clark Kerr, reasoned that although campuses had "largely occupied . . . by default the substantial sphere of ambiguity in the past," governmental authority was now expanding and moving into those areas. "The ambiguities that once were an asset are now a liability. Greater precision of understanding is now highly desirable."[6]

I agree with Kerr and Ashby that current conditions do justify undergoing the risks noted by Bailey of attempting to define more precisely the proper relations between universities and government. In seeking that precision, the distinctions suggested between academic freedom and university autonomy, and between procedural and substantive autonomy, may prove useful.

While tensions arising between public universities and their state governments over issues of academic freedom cannot be termed "benign" (the agenda is clearly one where academe needs freedom to dissent), tensions arising in the area of substantive autonomy can be interpreted as a healthy confrontation between ambitious, creative universities and colleges, and state governments with limited resources and diverse priorities. If issues such as the role of higher education in state economic development or some proposed state pattern of assessment can be mediated by a statewide board that has established credibility for making decisions that are tough, fair, and sensitive to both academic values and the public interest, then perhaps such tensions can·be termed "benign."

Roger Heyns, in his 1973 presidential address to the American Council on Education, delivered an exhortation that, to the best of my knowledge, has fallen on deaf ears. Heyns spoke of one of the major tasks in higher education: *to develop and strengthen mechanisms for collective planning, coordination and control. Involved is the whole range of regional and state commissions and councils, both statutory and voluntary, advisory and decision making. No one can seriously doubt that such mechanisms are needed if higher education is to utilize its resources effectively and respond intelligently to the requirements of society. Yet the history of the relationship to these commissions and councils is not flattering to higher education . . .*

Unfortunately, higher education now lives with the consequences of its attitudes toward the coordinating agencies. The delicate issues, complicated enough in themselves, are made more difficult by accumulated distrust. scars from previous battles, and a continuous combativeness. The personnel in the central office view the institutions as secretive, rigid, and obsessed with the rhetoric of autonomy. The institutions view the coordinators as obsessed with power, insensitive to the dynamics of campus life and institutional aspirations, and preoccupied with cost data . . . progress toward building a satisfactory overall framework for institutional performance will be made only through commitment to unreluctant participation and to making the coordinating mechanisms strong and wise.[7]

My double observation based on these remarks is that I do not believe that coordinating boards have reached the positive potential that I foresaw for them in my book, *Statewide Coordination of Higher Education.*[8] But nor do I believe that institutional leadership has, by and large, heeded Heyns' admonition to a "commitment to unreluctant participation and to making the coordinating mechanism strong and wise." Perhaps the latter might have been more forthcoming if the former had been achieved; but by the same token, Heyns recognized that state boards are much more likely to be improved if the "unreluctant participation" is there to aid them.

It is entirely natural for institutional leaders to be preoccupied with tomorrow's tactical problems, over which specific disagreements with state boards must be pursued in defense of institutionally perceived interests. But I will end by reiterating Heyns' plea for a strategic understanding that institutions will either have to learn to live better with these boards in the hope of keeping the agenda as benign as possible, or face more dramatic state demands for accountability.

Notes

This article is excerpted from the author's longer address on this topic, delivered as Distinguished Scholar-Teacher at the University of Maryland, spring 1989.

1. Sir Eric Ashby, *Universities, British, Indian, African* (Cambridge: Harvard University Press, 1966).
2. Burton Clark, "The Many Pathways of Academic Coordination," *Higher Education* 8, 3 (1979).
3. Ashby, 343.
4. Stephen Bailey, "Education and the State," in J.F. Hughes (ed.) *Education and the State* (Washington, D.C.: American Council on Education, 1975).
5. Bailey.
6. Carnegie Commission on Higher Education, *Governance of Higher Education* (New York: McGraw Hill, 1973).
7. Roger Heyns, "Renewal, Financing, Cooperation: Tasks for Today," *Educational Record* 54 (Winter 1973).
8. Robert Berdahl, *Statewide Coordination of Higher Education* (Washington, D.C.: American Council on Education, 1971).

State Coordination and Planning in an Age of Entrepreneurship

JAMES R. MINGLE AND RHONDA MARTIN EPPER

A variety of social, economic, and political factors are reshaping the landscape of statewide coordination and governance. Still relying on concepts forged in the 1950s and 1960s, state boards are entering a new period marked by a focus on student consumers and their learning productivity, increasing competition brought about by developments in information technology, and changing public attitudes about government bureaucracies. New structures, less formal and more ad hoc, are emerging in this environment to replace those of an earlier age. In the paper that follows, we discuss the historical origins, structures, and functions of state coordination; the current social, economic, and political context; the emerging values that are affecting state boards; and the long-term implications for both states and institutions.

Statewide Coordination: Origins, Structures, and Functions

Statewide coordination of higher education contains a rich history of characters, cultures, and, above all, conflict. Conflict inevitably arises from differing views about the purposes of statewide coordination. Glenny and Hurst (1971b) defined *statewide coordination* from three perspectives. From the view of the state, coordination means more effective use of appropriations; from the view of state colleges, coordination means a fairer share of appropriations; and from the view of state universities, it means restricting the state colleges from any encroachment on their university research and graduate programs. With expectations so diverse and rising pressures from all sides in the 1990s, a new order of change can be expected. A brief examination of the origins and functions of statewide coordination offers guideposts for the changes ahead.

Until the 1940s, state government remained comfortably distant from higher education institutions. But as higher education began to grow in size and public importance, so grew the interest of government. States became increasingly interested in "coordinating" the complex resource requirements of their higher education institutions. Thus, the trend since the 1940s has changed "toward greater state intervention" (Glenny and Schmidtlein, 1983, p. 133).

In his landmark study of statewide coordination in 1959, Lyman Glenny cited two forces that gave rise to coordination of higher education: the increasing complexity of higher education and the increasing size of state government. Prior to the 1950s, institutions attempted to increase their appropriation through intensive lobbying of local legislators. Even when legislators tried to rationally determine the needs of complex institutions, reports too voluminous and technical to interpret were required. This situation left legislators "bewildered as to the real needs of any institution and of higher education in general" (Glenny, 1959, p. 13). As a partial solution, some states began to centralize control of higher education institutions.

In addition to the increasing complexity of higher education, state government also began to grow in cost, size, and complexity. New programs for highways, police, corrections, welfare, mental health, public health, and industry regulation created more competitors for funds in the legislature. These two forces generally underlay more immediate motives that actually brought the central coordination systems into existence: "economy, efficiency, and the reduction of competition among institutions for state funds" (p. 263). Glenny was concerned that the impetus for coordination came from shortsighted views on the part of both legislatures and institutions. "The more positive purpose of promoting a better, more vigorous system of higher education has usually been overlooked" (p. 23). Glenny accurately forecast greater state needs for centralized planning and coordination.

By 1950, seventeen state boards for higher education had been established. Most early boards were consolidated governing boards for senior public institutions; the exceptions were the New York Board of Regents (1784), the Florida Board of Education (1885), the Kentucky Council on Public Higher Education (1934), and the Oklahoma Board of Regents (1941) (Millard, 1981). Boards created between 1960 and 1975, many of the "coordinating" type, were given greater responsibilities than what Glenny had witnessed prior to 1960. Among their functions were keeping expenditure rates in balance and perspective, providing for budgetary equity among institutions, ensuring diversity among institutions within the state, avoiding unnecessary duplication of programs, and balancing institutional operations with political and social realities (Millard, 1981).

Although much of the rise in state coordination can be attributed to external forces, the academy itself had much to gain from these new arrangements. As Mingle (1995) explained: "We may have been pressed to centralization by governors and legislators seeking a 'single voice' instead of the cacophony of competing interests, but many within the academy saw the advantages as well. Regional institutions joined the umbrella of the system, not only to protect themselves from external intervention, but to gain the economic, political, and educational advantages of the system. Salaries improved, working conditions improved, new programs were obtained, federal support was leveraged, and access was extended to the unwashed masses of students rejected by the small, elite, autonomous campus of our colonial past" (p. 3).

Coordinated "systems," whether their governance structures were primarily consolidated governing boards or coordinating boards, evolved as a solution to a pressing need from *both* states and institutions for rational planning, coordinating, and equitably distributing the extraordinary outpouring of public financial support for higher education following the end of World War II.

In tracing the evolution of state coordination, Robert O. Berdahl (1971) found four distinct developmental periods:

1. Complete autonomy of institutions lasting from colonial days to the late nineteenth century
2. Creation of single statewide governing boards beginning in the late nineteenth century, reaching a peak in the first two decades of this century . . .
3. Creation of voluntary arrangements gaining impetus in the 1940s and 1950s
4. Creation of statewide coordinating boards beginning in the 1950s . . . (Pliner, cited in Berdahl, 1971, p. 26)

One might conclude that we entered a fifth period beginning in the 1980s: a period of broadened responsibilities for statewide coordination that includes an interest in academic quality and measurable outcomes for higher education. For higher education, the decade of the 1980s has been described as a period of "resurgence of the states" (Callan, 1993). McGuinness (1994) noted fundamental shifts in state boards as governors and legislators became interested in the quality of higher education. Four policy mechanisms were introduced in the 1980s and used by coordinating agencies to meet demands from various constituencies: (1) setting a policy agenda and serving as agents for change; (2) incentive, competitive, or targeted funding; (3) state requirements for assessment of student learning; and (4) new performance-oriented accountability reports (McGuinness, 1994). Moreover, state boards have had to increase their expertise and legitimacy in areas formerly reserved to faculty, such as curriculum and assessment, and in professional areas (for example, health-related fields) and applied research (Magle, 1987). The key issue in the 1990s is whether agencies originally created to control expansion have come to take on more functions than their structures and staff are adequately equipped to handle.

Agency Structures and Functions

In his 1971 study, Berdahl created the classification system most commonly used in the literature on statewide coordination. He identified three basic types of statewide boards: the voluntary association, the coordinating board, and the consolidated governing board. Also in the early 1970s, the Education Commission of the States began surveying its members on the basic legal structures and responsibilities of state coordinating and governing agencies. Now known as the *State Postsecondary Education Structures Handbook,* this resource classifies state boards into the following categories: consolidated governing boards, coordinating boards (both regulatory and advisory), and planning agencies.

Consolidated Governing Boards. Some states structure their higher education systems by assigning coordinating responsibility to boards that also govern institutions. These are known as consolidated governing boards. In general, consolidated governing boards:

- Head a single corporate entity encompassing all institutions within the system
- Have authority both to develop and implement policy
- Appoint and evaluate system and institutional chief executives
- Set faculty personnel policies and usually approve tenure
- Have authority to allocate and reallocate resources among institutions within their jurisdiction
- Establish policies and, in some cases, set tuition and fees (adapted from McGuinness, 1994, p. 6)

The strengths of this type of structure are in its full range of authority to govern individual campuses in the system. Its weaknesses are that the board remains vulnerable to political influences, and its members are often concerned with immediate management concerns rather than systemwide planning. In addition, its decision making structures are often elaborate and cumbersome, brought about ironically from a commitment to collegial decision making and not hierarchy (Mingle, 1995). Millett (1984) found public disillusionment and dissatisfaction in several states with this model of coordination. This phenomenon was described as "the paradox of power and loyalty" by Graham (1989): "Precisely because consolidated governing boards are empowered (as coordinating boards generally are not), they turn for political support toward their natural constituency, which is the institutions themselves—not toward the governor and legislature, whose role it is to fund them" (p. 95).

Millett recounted governors and legislators complaining of the central boards becoming spokespersons, and even "cheerleaders" for the institutions, and not making the tough decisions for which they were created (pp. 108–109).

Coordinating Boards. Some states assign responsibility for statewide coordination to a board other than one of the institutional governing boards. Regulatory coordinating boards have authority to approve academic programs, where advisory coordinating boards have authority only to review and make recommendations regarding academic programs to the institutional governing boards. In general, coordinating boards:

- Do not govern institutions
- Usually do not have corporate status independent of state government
- Focus more on state and system priorities than on advocating particular institutional interests
- Appoint and evaluate only the agency executive officer and staff
- May review and make recommendations on budgets
- May review and/or approve proposals for new academic programs
- May have authority to require institutions to review existing programs (adapted from McGuinness, 1994, pp. 6–7)

Strengths of a coordinating board include the comprehensive scope of its authority and its close identification with the interests of the state. Its drawbacks are lack of authority to implement a master plan and lack of political constituency (Millett, 1984). Furthermore, when pushed by hostile legislators, these boards can fall into a regulatory mode and forget their advocacy responsibilities (Mingle, 1995).

Planning Agencies. Planning agencies perform coordinating functions consisting primarily of voluntary planning and convening institutions and sectors around policy issues of mutual concern. In structure and activity they are similar to many coordinating boards, especially those without regulatory responsibilities. Their strengths include an emphasis on long-range planning, policy analysis, and consumer advocacy (Mingle, 1987). Glenny (1959) held these boards in low regard, stating that they are "dominated by the oldest and largest institutions, tend to preserve the status quo in numbers and types of institutions, and are insufficiently accountable to a lay board or the legislature for statewide educational planning and programming" (pp. 264–265). In his national study in the 1980s, however, Millett unexpectedly found "vitality and influence" among state advisory boards (planning agencies). Several of the advisory board states he investigated were found to be "especially vigorous and to exercise considerable impact upon the legislative deliberations of their respective states" (pp. 248–249).

Currently twenty-three states and the District of Columbia have consolidated governing boards. Twenty-six states are coordinating board states, and five states and the District of Columbia have planning agencies (McGuinness, Epper, and Arredondo, 1994). The dividing lines among these three types are not distinct, however, and can cause some confusion. Functions of these boards vary by state and type of board, but together they can include long- and short-range planning, program review, budget review, administration of student aid and other programs, and information collection and management. These five functions were proposed as the minimum powers necessary in the 1970s for successful coordination of a system of higher education (Glenny, Berdahl, Palola, and Paltridge, 1971a). For the 1990s, these functions have expanded to include setting a policy agenda, providing policy studies and analyses, defining missions, creating accountability or performance indicator systems, and most recently, serving as change agents. Gordon Davies, director of the State Council of Higher Education for Virginia, described this role as "keeping people creatively restless" (Lively, 1993b). This new order of change for statewide coordination will be explored further in the next section.

The Changing Political and Economic Context for Coordination and Planning

During the 1990s, higher education has been faced with a significantly different economic and political context for policymaking. Looming behind most issues, especially financial ones, has been the growing federal deficit and changing public attitudes about the value of government-sponsored programs. The recession of the early 1990s brought the first absolute drops in state support for higher education, possibly since the Great Depression (Hines, 1993). With the return of economic growth in 1994, state support for higher education once again turned upward, but the long-term decline of higher education as a funding priority for state governments remained. Halstead (1994) documents this decline as beginning in the early 1980s and continuing to the present day. Much of the declining priority is attributed to the effects of both public concerns about crime and the rise of health care costs fueled by an aging population (Gold, 1990).

States were not only pressed by increasing social welfare costs but were also greatly constrained in their taxing policy. Snell (1993) was among the first to note the structural problems with state tax systems that, because of their heavy reliance on sales taxes that exempted services, no longer captured growth even when it did occur. Revenue problems also were exacerbated in such states as Oregon, California, and Michigan, which shifted much of the cost of school finance from the local level to the state level.

Additional problems with state government finance can be anticipated with efforts to lower the federal deficit. In 1996, many governors were apparently willing to take less federal support in return for more flexibility for the nearly six hundred categorical federal programs which they administer. The cumulative effect of this strategy could be substantial. With higher education as the biggest discretionary item in state budgets (and often the last item decided in the process), it will be tempting for states to make up for these losses from higher education, especially during recessionary periods.

The past decade has also seen a significant change in public attitudes about college costs. In the 1990s, legislators allowed institutions to compensate for cutbacks in state support with sharp tuition hikes. The College Board (1995) reported that the cost of attendance (tuition, fees, and room and board costs) in public universities had risen 23 percent over inflation from 1985–86 to 1994–95. This was compared with per capita disposable income increases of about 12 percent and a *decrease* in median family income of about 1 percent from 1985 to 1993. The College Board report also noted the extraordinary increase in student borrowing to finance these increased costs.

The debate over tuition strategies centered around the efficacy of the high-tuition/high-aid strategy versus the more traditional low-tuition approach taken by most states. Wallace (1993) argued vigorously for the high-tuition/high-aid approach in Illinois, and movements led by the private sector in Minnesota and Washington pushed for increasing public-sector tuition (with compensations in student aid programs) closer to two-thirds of costs. Among the most powerful arguments among this group was the similar socioeconomic characteristics of students in "elite" publics and privates. On the other hand, analysts in states like Vermont, which has the highest tuition in the nation, cautioned that such a strategy results in underfunding of low-income groups. Mingle (1992) suggested a "tiered" approach for the public sector, with the share of costs rising in research universities while remaining low in regional state universities and community colleges. Meanwhile, more out of necessity than philosophy, many state boards allowed institutions to increase tuition and fees incrementally over the decade.

Rising college costs have clearly affected public attitudes about higher education. Interestingly, public polls do not show the same concern about quality in higher education that is expressed regarding K–12 schools, but there is great anxiety about the price. "The people in our states are proud of their colleges and universities," the Southern Regional Education Board (SREB) notes in its 1994 report, *Changing States,* "and believe their quality is generally high. But that support is also shallow. There is too little understanding of higher education's strengths and problems. For the most part, people worry about only one higher education issue: the prospect that rising tuition costs will make it impossible for them or their children to go to college." Similarly, in a review of thirty public-opinion polls that touched on higher education, the American Council on Education found that "higher education enjoys a huge reservoir of public goodwill," which is accompanied by growing worry about costs. According to the study's findings, "'Sticker shock' is a real phenomenon in the public mind, and people believe that costs are escalating beyond the reach of the middle class" (Harvey and Immerwahr, 1995, p. iii).

The 1980s and 1990s also saw the emergence of economic development as a primary concern of policymakers at the state level. This was apparent in the changing language used in state reports on higher education, which emphasized the role that state systems play in making their state competitive in a global market (Thompson, 1994). Typical of this approach was the one taken by the Ohio Board of Regents (1988), calling basic and applied research the "cornerstones of economic growth" and promoting its "eminent scholars program."

This concern with global economic competitiveness continues to dominate the national scene and state agendas. "To compete and win in the global economy," to borrow President Clinton's phrase, remains the single national goal that unites Democrats and Republicans. The impact on higher education can be seen in the tremendous interest in and demand for vocational and professional education that leads quickly to graduation and employment. But the 1990s have seen a distinct shift away from the research role in economic development to an emphasis on "workforce preparation" (Rodriguez, 1992). Recent data seem to reinforce this trend. A national study of employers found a lack of confidence in the ability of schools and colleges to prepare young people for the workplace (National Center on the Educational Quality of the Workforce, 1995). In this new mode, states are focusing on the skills of individual students to be economically productive rather than on technology transfer and research issues.

In the spirit of "reinventing government" (Osborne and Gaebler, 1992) that has swept the nation, policymakers and higher education officials alike have suggested ways to privatize or deregulate state systems of higher education. In 1993, the governor of Florida stunned the higher education community when he asked the state university system to plan for "privatization." The ten-campus system was asked to study how it might operate if its budget stayed the same but half of its employees were removed from the state payroll (Lively, 1993a). In Oregon, the 1995 legislature considered a bill to convert the state system of higher education (OSSHE) into a public corporation. Repeated budget cuts prompted OSSHE officials to propose such a change in hopes of eliminating duplicative layers of oversight and providing greater flexibility to deliver its services more efficiently. Only portions of this deregulation bill, however, were finally adopted. Similar proposals were debated in Virginia, Washington, and Maryland. While the more radical of these privatization initiatives may involve political gambit more than substance, they are indicative of a public mood, skeptical of government services, that is likely to have long-term effects on both state boards and institutions.

Intergovernmental Issues

Historically, state and federal policies toward higher education have operated on relatively separate tracks. Since the 1960s, the federal government has assumed two primary roles: providing need-based student aid and support for research, especially basic research. The state role has been to add modestly to these student aid programs and to provide the infrastructure for an expanding public higher education system. Direct relationships between state and federal government have been limited to the management of student loan programs through the state guarantee agencies, data collection issues, and state administration of a small number of federal categorical grant programs.

The territory shifted significantly in 1992, however, when Congress authorized a new and more complex method of reviewing institutional eligibility to participate in Title IV student aid programs. A new body, the State Postsecondary Review Entity, or SPRE, was created to carry out federal oversight activities. Hearings sponsored by Senator Nunn (D-Ga.) in 1990 (U.S. Congress, 1990) had highlighted a variety of abuses in student aid programs. These findings, combined with public reports of high levels of student loan default, high dropout rates among student athletes, and abuses in federally sponsored research programs, all contributed to an atmosphere of "reform" during the debate over reauthorization of the Higher Education Act. In place of a loosely controlled and relatively ineffective system that divided responsibilities among the federal government, the states, and the accrediting bodies, Congress created a system that required the three partners (what had become known as the "triad") to duplicate a variety of reviews (Hauptman and Mingle, 1994). The increased role of the states to review eligibility was the most controversial. States were asked to establish standards across a wide range of issues including financial and administrative capacity, consumer information, student performance, and institutional quality. Reviews that would ultimately determine an institution's ability to participate in Title IV were to be conducted by the states for those institutions referred by the secretary of education on the basis of congressionally established review criteria such as high levels of student loan default.

In the minds of many institutional leaders, especially from private colleges and universities, this new state role was an inappropriate and intrusive intervention into the oversight of a federal program (Manegold, 1994). They also reacted negatively to the prescriptive approach to accreditation standards and processes. Many states also were reluctant to take on this added responsibility, given the likely legal and political costs in such a controversial program. Others saw it as integral to their primary licensing and consumer-protection functions in higher education.

Whether this new partnership between the federal government and the states for institutional accountability was sustainable was called into serious question by the congressional elections of 1994. Suddenly the atmosphere changed, and both the administration and the Congress began looking for regulatory relief for institutions. At the urging of the higher education community, Congress eliminated funding for the program and the U.S. Department of Education began rethinking its approach to Title IV oversight without a significant state role. Reauthorization of the Higher Education Act in 1998 will likely bring a final end to the SPRE saga. Of more lasting value, however, will be the work done at the state level in developing a standard-setting process and quantifying outcome measures. These issues, no doubt, will resurface in the future in other policy venues at both the state and federal levels.

Structures and Values for the Years Ahead

Whether out of necessity or choice, we can expect substantial change to the structures and underlying values of statewide planning and coordination in the years ahead. Planning and regulatory structures will be aimed not so much at establishing limits but creating opportunity, especially in an increasingly competitive system of delivering higher education that includes a host of new "alternative" providers. The distinctions between public and private higher education institutions will continue to blur, and this will be reflected in public policy. Planning and coordination will also continue to be affected by an increasingly conservative state legislative agenda with little stake in past statewide structures. At best, higher education will benefit from "benign neglect" as state policymakers continue to focus their attention on the schools and other social systems such as health care and criminal justice. More likely, higher education policy will become more partisan and politicized as the commitment to coordinating structures weakens. The increasing demands for retraining will shift the focus of public policy away from youth and toward adults, and away from general baccalaureate education to technical and professional curricula. (Countering this trend may be the growing number of aging baby boomers who could demand a more sophisticated liberal arts curriculum to occupy them in their spare time, and the small but consistent market for the experience of liberal education in a small college.) Technology will be a force for "deinstitutionalization" of public policy as the location of delivery shifts from the campus to the home and workplace and many new providers compete with traditional institutions for the continuing education market.

Evidence of this new context can be seen emerging in a number of state policies affecting coordination and planning: a focus on the student, not the institution; the decline of the "role and mission" approach to planning; increased use of competitive and incentive funding; decentralization, deregulation, and privatization initiatives; an emphasis on "private benefits"; greater student mobility and choice; and new forms of coordination. We now explore each of these policy trends in greater depth.

A Focus on the Student, Not the Institution

Information provided by state (and federal) agencies to improve consumer choices is increasingly seen as a substitute for regulatory approaches. The federal "student right to know" legislation, which requires institutions to report the graduation rates of various cohorts of students and statistics on the incidence of crime on campus, was aimed at better informing the choices of students and parents. (Outside of occasional press reports, this data has yet to have much public impact, however.) At the state level, coordinating and governing boards have developed student record databases that track students through the system. Most states now have such systems (Russell, 1995) and use them for a variety of purposes, including legislative accountability and feedback on student performance to high schools.

Information on student performance is most relevant in vocational and professional programs. The one-stop, all-purpose career centers for career information and job counseling proposed by the U.S. Department of Labor may be the forerunner of this trend. The concept was first outlined by Marshall and Tucker (1992) in their book *Thinking for a Living: Education and the Wealth of Nations*. "Report cards" on the performance of higher education are another. These report cards dovetail with the assessment movement, which began its course in the mid-1980s at the state level. Prominent examples of general purpose "reporting" of performance information to consumers are Tennessee's "Challenge 2000," South Carolina's Act 255/Institutional Effectiveness Report, Colorado's "Scorecard," and the Virginia Plan for Higher Education (Ewell, 1994).

In 1993, Bruce Johnstone, then chancellor of the State University of New York, coined the phrase "learning productivity" to express the growing need to move students through the system more quickly and with a higher level of achievement. This was in distinct contrast to the emphasis in many states on faculty productivity (Russell, 1992). Several states also explored ways to shorten time-to-degree, with the result that some acted to limit the total number of credit hours associated with a baccalaureate degree. For example, beginning in the fall of 1994, undergraduate students in North Carolina were assessed a 25 percent tuition surcharge when taking more than 140 credits to complete a four-year baccalaureate degree. Montana implemented a related policy in 1993; students who have attempted 170 or more credits in the Montana University System and have not obtained a baccalaureate degree are charged nonresident tuition for subsequent courses attempted (Blanco, 1994). Similar limits, either through institutional or state policy, have been imposed in Florida, Georgia, Oregon, Virginia, and Wisconsin (State Higher Education Executive Officers, 1996).

The Decline of the "Role and Mission" Approach to Planning

At the heart of many statewide plans has been the role-and-mission statement, which delineated a territorial approach to program development. Geographic or programmatic service areas guided the assignment of new academic programs, especially high-cost graduate and professional programs. Already we are seeing an erosion of this practice due to pressing demands from adults for access. For example, state-level policy decisions in Virginia and Utah have made it possible to deliver selected baccalaureate programs to community college campuses. This trend will only be accelerated by technology, which shows little respect for the political boundaries negotiated within the system. In fact, technology may ultimately make moot public policy distinctions on role and mission at both the state and national levels. In 1995, Maine struggled with this issue as it debated the future of its distance-education delivery structure. In the past, autonomous campuses in the Maine system had not dealt with students wanting to use resources from multiple campuses. To address this problem, the Education Network of Maine proposed to coordinate all distance delivery by becoming an eighth degree-granting institution in the state. This model may never be fully tested in Maine because it has been plagued with controversy and faculty resistance (Epper, 1996). But it will have a lasting impact on policy decisions. "No longer do we allow new programs based only on geographic need," stated a Maine system representative. "If a geographic area has enough demand to justify a program, it doesn't mean they will get it. We may bring it in from somewhere else" (Tolsma, 1995). It is not entirely clear what state boards will substitute for this role-and-mission approach; most likely institutional capacity and entrepreneurship will be the guiding decision points.

Other states, such as Georgia and Utah, which have put considerable emphasis on interactive video delivery systems, are exploring consortial approaches to program development and struggling with a wide variety of new policy issues in this electronic age. When programs are delivered at a distance, who should earn the state subsidy and the tuition: the sending site or receiving one? (And what if both send and receive?) Transfer of credit, an issue receiving attention by the proposed Western Governors University, is also likely to be a major problem as students collect credits from a wider range of providers.

State boards are beginning to use the "request for proposal" approach for program development, especially programs that are electronically delivered. This encourages both intrastate and interstate cooperation. Rather than waiting for new programs to emerge from individual departments and then saying yea or nay (based on predetermined mission statements and program review criteria), we can expect centralized offices to solicit proposals for new programs and to encourage collaboration across institutions and sectors. For example, in 1993 and 1994 the Oregon State System of Higher Education awarded over half a million dollars in grant monies to faculty and campus-based projects that emphasized interinstitutional collaboration. The program's goal, in part, was to increase course sharing among campuses and to evaluate new "mergers" between disciplines such as computer science and mathematics. In 1995, both the Utah System of Higher Education and the Georgia Board of Regents received special appropriations for curriculum development of distance learning, which encourages cross-institution and cross-sector collaboration.

Increased Use of Competitive and Incentive Funding

A general public skepticism about the priorities of higher education has led many state legislators to increased use of categorical, competitive, or incentive funding (Folger and Jones, 1993). Typically, such funding has been directed at strongly held state priorities such as the improvement of undergraduate education, preparation of teachers and programs that link K–12 and higher education, application of research to specific state problems such as environmental quality, provision of health care to rural areas or inner cities, and the enhancement of economic development. More recently, technology and distance learning have been the target of categorical grants. A few states, such as Tennessee and Ohio, have provided additional appropriations for improved student or institutional performance. In 1993, the Colorado legislature added a new dimension to the concept of incentive funding by passing a law requiring policymakers and higher education leaders to agree each year on five priority areas to receive new funding. Institutions still receive their base allocations, but additional funds are distributed (some by formula, some by competitive grants) only within the five priority areas. The five areas identified in 1996 were (1) providing students with a high-quality, accelerated undergraduate education, (2) linking K–12 and higher education, (3) workforce preparation and training, (4) using technology to lower costs and improve quality, and (5) improving operational productivity and effectiveness (Colorado General Assembly, 1996). The Texas Higher Education Coordinating Board proposed a performance funding plan in 1991 but failed to gain legislative support in the face of institutional opposition (Bateman and Elliott, 1994). On the other hand, legislators have endorsed performance funding in several other states. Arizona, Arkansas, Connecticut, Florida, Kentucky, Minnesota, Missouri, Nebraska, and Tennessee all have adopted performance funding in some fashion (Layzell and Caruthers, 1995).

Decentralization, Deregulation, Privatization

Beginning with the publication of *Reinventing Government* (Osborne and Gaebler, 1992) and the Total Quality Management movement, states and systems have shown an increasing interest in more entrepreneurial, decentralized systems of higher education. This trend is not expected to diminish in the foreseeable future as institutions and systems seek greater fiscal and management autonomy through "privatization" of public higher education (Association of Governing Boards, 1996). Examples of such deregulation initiatives abound. The North Dakota University System adopted a systemwide TQM effort (Isaak, 1993), and other states such as New Jersey were caught up in the Republican political agenda to downsize state government, resulting in a much smaller and less regulatory coordinating board. The State Council of Higher Education in Virginia initiated a statewide effort to free institutions from control by state agencies of purchasing, cash management, and personnel matters. In 1995, the Oregon State System of Higher Education sought "public corporation" status from the legislature, which came in response to a statewide downsizing caused by property tax relief. This proposed status, while not fully adopted, implied a far more autonomous higher education system and, not coincidentally, less state support. Armajani, Heydinger, and Hutchinson (1994) went even further by recommending a disaggregated enterprise system of public corporations to carry out various functions of the universities and relate to other functions as customers. The trends in governance, however, have been quite mixed around the country (MacTaggart, 1996). Such states as Maryland, Alaska, and Minnesota have merged institutions into consolidated governing boards; some analysts argue for the continuation of this trend. The adage that "each state is unique" may best describe the current governance environment.

An Emphasis on "Private Benefits"

Ironically, the evidence most often used for the benefits of postsecondary education, namely the increased earning power of graduates, appears to be undermining societal commitment to the financing of higher education. Rationing proposals (recently suggested by Breneman, 1995, to cope with state financing cutbacks in California) and increasing tuition may further limit societal commitment. While many states continue to place emphasis on access issues, others appear to be moving away from commitments made in previous years. Admissions standards are rising in the public flagship universities, and remedial work is being limited to the two-year sector. Unspoken, but clearly evident, is a belief by many state legislators that, given high attrition rates, too many students may be attending traditional four-year institutions. Enrollment management is now a goal of several systems struggling with burgeoning demand and constrained resources. At the same time, costs and an interest in job skills are increasing enrollment in two-year institutions independently of state policy.

Student Mobility and Choice

Technology is predicted to significantly increase the number and diversity of providers of postsecondary credentials, a condition which is already prompting states to reconsider their regulatory environment to allow more out-of-state providers (Western Cooperative for Educational Telecommunications, 1995). The problem of transferability of credits led the Minnesota Higher Education Coordinating Board to recommend a statewide "credit bank" to certify skills gained both inside and outside of higher education. If the debate in K–12 spills over to higher education, expect a growing interest in "student voucher" systems at the state level as a replacement for institutional funding. This would open up at least limited state subsidies to a wider range of for-profit and corporate providers of higher education as well as out-of-state public institutions delivering courses electronically.

Removing geographic barriers to access was one goal of a group of western governors who, in 1996, advanced a plan to create a regional "virtual" university. Besides delivering courses electronically to local "franchise" receive sites, the new entity is expected to provide a means for learners to obtain formal assessment and recognition of skills and knowledge obtained outside traditional higher education institutions (Western Governors University Design Team, 1996). Within the framework of the Western Governors University, the flow of educational commerce across state lines will only increase.

Meanwhile, many institutions, with explicit or tacit state approval, continue to set their out-of-state tuition rates higher and higher as a means of generating additional revenue. This strategy is in distinct contrast to the European community, where student mobility across national borders is increasing, not declining. But ever higher in-state tuition for the well-off will make out-of-state tuition moot, except for those depending on financial aid. This provincial approach of many states could be countered by an activist federal government, although there seems to be little sentiment for such an approach in the 1996 political environment.

New Forms of Coordination

Emerging forms of voluntary coordination and coalition building may not be so much new as a return to old forms with new wrinkles. Voluntary associations, which Glenny once held in such disdain and Millett later commended, may yet become a powerful force in state-level policymaking. The statewide telecommunications councils now being formed to coordinate the development of technology policy in the states are the precursors. These councils cross sectors that often involve other branches of state government and the K–12 system. Some may evolve into new delivery systems. Examples of such associations (both voluntary and with statutory authority) exist in Minnesota, Utah, and Florida and are being developed in several other states as well. The rising political and consumer interest in "workforce preparation" programs will also challenge the current forms of coordination which have, for the most part, focused their energies on traditional higher education institutions. Federal efforts to "devolve" job training responsibilities through block grants to the states will add to this pressure to expand coordination to the training sector.

Implications for States and Institutions

In the environment described above, the need for state coordination is likely to change significantly but not disappear. In fact, one might argue that a public or quasi-public body which is concerned primarily with the "public purposes" of higher education will be an even greater necessity in this age of entrepreneurship. Growing populations of minorities and immigrants will demand and need the benefits of a postsecondary education. State boards, as in the past, will need to be their own advocates in a sometimes biased and unresponsive system. An employment crisis in the United States similar to what Europe is currently experiencing among young people will put more, not less, pressure on higher education to provide access to high-quality programs leading to concrete outcomes such as employment and economic success. Equally powerful forces from employees, unions, and disadvantaged populations may halt some of the changes described above. And reactions in different regions will vary depending upon widely differing economic and political circumstances in the states.

The long-evident institutional ambivalence about governance and coordinating structures will likely intensify. In any meeting of system presidents with the chancellor, one or two entrepreneurial spirits seek more freedom from system constraints while the remainder prefer that their territorial boundaries be protected. Increasing deregulation and competition in higher education also lead to inevitable abuses in quality and pricing, which in turn lead to more legislative intrusion. In short, the scope and activities of regulatory structures will likely swing on a pendulum in response to continuing dilemmas in higher education.

Statewide coordination and governance issues—especially those relating to the equity of funding policies among partners in the system—are perennial in nature. But the world of state boards is likely to undergo significant change. Many state boards have now reached maturity, and with changing public attitudes they are likely to undergo significant change. Some will "reinvent" themselves; others will go out of existence. Those that do reinvent themselves will likely take a more indirect approach to the change agenda, one that creates the conditions under which public goals might be served by a constantly changing mix of providers and collaborators.

Rather than seeking the perfectly rational governance structure that has eluded them in the past, states will need to accept the more chaotic developments of a market-driven industry. Statewide governance changes in the past have seldom added much value; those of the future will need to prove that they make a difference in cost, quality, access, or price.

The higher education enterprise itself, moreover, is also likely to face significant change. The forces described in this chapter have serious implications for institutions of higher education, most notably greater competition. Porter (1980) explains the evolution of industries from growth to maturity to decline. Institutions in the "industry" of higher education are facing problems similar to firms in mature industries. For example, in industry a firm's self-perceptions and perceptions of the industry are deeply entrenched. As an industry matures, buyers' priorities begin to adjust, they become more knowledgeable consumers, and competitors respond to the new consumer demands. This often results in resentment and irrational reaction to new competitors. (For example, firms take the position "We will not compete on price.") Entrenched firms often cling to "higher quality" as an excuse for not meeting the aggressive pricing and marketing moves of competitors (Porter, 1980, pp. 248–249). It is difficult to imagine any organizations more deeply rooted in tradition than institutions of higher education. Their self-perception assumes that competition exists primarily in peer institutions holding similar, traditional definitions of "quality." Furthermore, boundaries of competition are often reinforced by state boards that license new providers and define geographic service areas. But the future promises to challenge these long-standing and accepted practices. Telecommunications and distance education already have begun to render interstate and intrastate boundaries obsolete. Access to networked computers increasingly shifts control of learning to students who increasingly have new providers from which to choose. Competition is inevitable. Institutions of higher education will need to strategically assess which traditions to hold on to and which to reconsider in light of new industry conditions. It is not likely that traditional higher education institutions will disappear. But the industry, which already includes new providers and a different composition of consumers, looks very different than it did a mere thirty to forty years ago.

Institutions will seek protection from competition first by turning to legislators for protectionist legislation, but more constructively by turning to each other. The years ahead promise a constantly changing landscape of coalitions, partnerships, mergers, strategic alliances, and other ad hoc arrangements as institutions search for their market niche. The tolerance of states and public officials for this "creative chaos" will surely be tested. Some states will seek, probably unsuccessfully, to control through consolidation; some will seek to creatively "manage the competition"; a few may even enthusiastically embrace the new values of entrepreneurship. Few, however, will be left untouched. It should be an exciting ride.

Further Reading

Readers interested in the themes in this chapter may want to examine Armajani, Heydinger, and Hutchinson (1994) on entrepreneurial models for higher education delivery, Johnstone (1993) on student learning productivity, and MacTaggart (1996) on restructuring higher education governance systems.

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Meeting the Demand for Higher Education without Breaking the Bank

A Framework for the Design of State Higher Education Policies for an Era of Increasing Demand

WILLIAM ZUMETA[*]

Introduction

This article seeks to present and illuminate empirically a model of policymaking in an area of emerging, if little appreciated, importance, namely, state policies affecting private (nonprofit) higher education. Further, it shows the interesting implications of this model and the associated empirical results for policy in this area now as many states enter an era of sharply increased demand for higher education but limited resources to pay for new capacity [65, 67].

The basic idea is that state *policy postures* toward private higher education can tend toward one of three nodes:

- *laissez-faire,* in which state policies largely ignore the private sector;
- *central planning,* in which state policies involve the private sector substantially, use private institutions to play carefully planned and enforced roles in the state system and pay for this involvement financially via such means as direct subventions to private institutions and aid to their students;
- *market-competitive,* in which state policies also seek to take account of and utilize the private collegiate sector, but in which the state plays much less of a planning, allocative, and regulatory role than under central planning and instead employs market forces and signals (e.g., "portable" student aid grants, lower subsidies built into public institution tuitions, information policies) to guide allocation of programs, students, and resources.

The analysis matches individual states' policies empirically to these constructs (or in some cases to hybrids of them) and then considers how well each policy set fits the circumstances of the states that employ it. The key broad conclusion of the empirical analysis is that the market-competitive constellation of policies is associated with the most attractive combination of policy outcomes: high participation rates in higher education, reasonable quality in public higher education, and a healthy private sector providing choice to students, all at only average levels of taxpayer spending (per capita) on higher education and well-below-average levels of taxation overall. Assuming these associations are some guide to the future, then the market-competitive states seem to be well positioned to face the emerging era of rapid growth in demand for higher education that many states will encounter without depending solely on costly expansion of public colleges and universities. This conclusion squares with the common-sense idea that it should be cheaper to meet some part of large new enrollment capacity requirements by directing some students toward private higher education (even at some financial cost to the state) than to meet all the demand by expanding space in the public sector.

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[*] The author gratefully acknowledges support from the Lilly Endowment, Inc., the Pew Charitable Trusts, and the RAND Institute for Education and Training for the research reported herein. The Education Commission of the States and the National Institute of Independent Colleges and Universities also provided much-appreciated support for some of the data collection. Marsha D. Brown, Penelope Karovsky, and Lorna Stanley assisted ably with some of the empirical analyses, and Fred Thompson, Dael Wolfle, and two anonymous referees provided helpful comments on an earlier draft. The author alone bears responsibility for the judgments and conclusions.

The laissez-faire states, in contrast, though they also include a number of states that face rapid growth in demand for higher education, appear to be poorly positioned by virtue of their policy histories and current policies to cope with such a period of growth cost-effectively. These states have generally experienced rapid population growth in recent years but only slow growth in their private higher education enrollments (which tend to be relatively small, though in most cases not insignificant). Their spending on public higher education per student (a crude indicator of quality) and their overall participation rates in higher education tend to be near the national average, but it seems unlikely that these performances can be sustained in the face of strong demand growth, for this is both the poorest group of states and the one already making on average the highest overall “tax effort.” Yet these states also spend well above average per capita on higher education. Thus, the analysis suggests that these states need to rethink their higher education policies, particularly those affecting the private sector, if they are to cope effectively in the new era of increased demands and tightly constrained state tax revenues. The analysis also points to various factors which suggest that such rethinking will not come easily, but it indicates some potentially promising directions.

The states whose policies most closely match the central-planning construct also show signs of less-than-optimal positioning to face the emerging era of substantial growth in demand for higher education, which all the states in this group face. Though they are the wealthiest group of states, these states spend the least on higher education per capita and the least per student in public institutions (suggesting low quality). These states as a group are near the national average in overall participation in higher education, partly because they are also near this benchmark in private sector share of enrollment. But, though their recent population growth has been above average, the gains in their enrollments in private institutions have been well below average (though quite variable). Thus, this group of wealthy states heavily manages its higher education system—hence the central-planning designation—but spends relatively little on it and does not have particularly impressive results to show in terms of quality, access, or private sector growth.

Results of the analysis suggest that politically feasible policy changes for the new era for these states might lie in the direction of the policies of the central-planning/market-competitive hybrid group of states, whose outcomes somewhat resemble the generally favorable results of the market-competitive group (but who differ from this group in that they score relatively low on overall participation in higher education). In general, the analysis herein gives considerable explicit attention to indications of political feasibility of possible policy changes and to specific policy levers, in part by analyzing pertinent possible determinants of the state policy postures such as states’ higher education governance structures, private sector market share, and lobbying efforts of the private higher education sector.

After this introductory section I explain why the issue of state higher education policies is significant and timely. Then follows a brief background discussion on conceptualizing models of public policymaking, designed to prepare the reader for the presentation of the constructs of state policy postures vis-á-vis private higher education, which are the centerpiece of the article. Next, after a brief theoretical discussion of the reasons why state policies in this area might or might not be significantly linked to one another, I present empirical evidence demonstrating that they are indeed related in order to show that it is reasonable to look for coherent policy postures in this field. In this section I also list and briefly describe the specific policies under examination as well as the sources of data and the definitions of the variables. Then, with the stage properly set, the state policy posture constructs are explained in depth, and some expectations about their origins and implications set out.

Next, I employ cluster analysis to explore empirically the fit of the proposed constructs of state policy postures toward private higher education to the actual linkages among policies. This analysis classifies the states into several policy posture categories—the three originally proposed plus two hybrid categories created from the initial three. These five categories are conceptually coherent and plausible in addition to fitting the data rather well.[1] The next step is to associate empirically membership in each of the policy clusters with significant state characteristics, focusing most on those characteristics with implications for outcomes of broad interest to policymakers (such as overall participation rates in and level of state/local spending on higher education per capita) and on those characteristics (such as state higher education governance structure, tax effort, and private sector market share) with the most promising linkages to levers and prospects for policy change. Finally, the implications are drawn for current policy decisions and for further research on policymaking in this area. Readers less interested in the methodological details might wish to focus most on the sections describing the results of the empirical analyses of the state policies and postures and on their implications for policy.

Public Policy and Private Higher Education Today

The private higher education sector in the United States is of historic and high current importance. The contributions of the private sector to higher education date back to the colonial period and are well known [45, 51, 56] and widely envied around the world, where substantial private collegiate sectors are relatively rare [10, 19, 26].[2] There are nonprofit private colleges in the District of Columbia and in 49 of the 50 states. According to recent data, a total of nearly 1,900 such institutions enrolled some 2.95 million students in the fall of 1992 [60]. Even limiting attention to four-year, Carnegie-classified, nonspecialized colleges and universities in the fifty states (thus excluding hundreds of two-year, unclassified and specialized institutions such as seminaries and free-standing law schools), the total "headcount" enrollment in this narrowly defined private higher education sector is more than 2.4 million. Although their market share has declined sharply since World War II, private institutions still grant some 28% of all baccalaureate degrees, 36% of all PhDs and 60% of all first professional degrees, including a high percentage of teacher education degrees.[3] Thus, the private sector is of real importance to current national goals in regard to skilled labor force development.

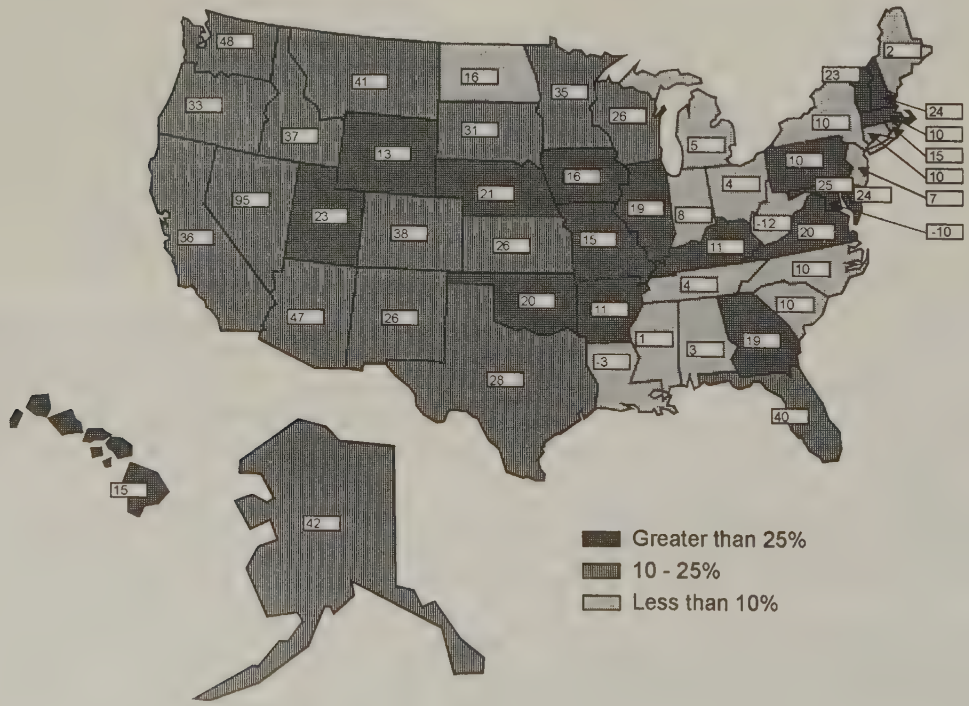
The proportion of statewide enrollments in private nonprofit institutions is small in some states but ranges to well above 50% in Massachusetts and to almost 85% in the District of Columbia (fall 1992 figures). The overall figure for the nation is about 20%,[4] down from around 50% at the time of World War II. It is estimated that it would cost taxpayers an additional $12 billion annually (1990 dollars) to educate in the public sector all the students now attending private colleges and universities [16, p. 11].

Moreover, private colleges and universities are a very diverse lot, and their autonomy permits them to offer a range of choices to students and other clients, such as government and corporate research sponsors, that would be hard to imagine being duplicated in the public sector. In short, they permit diversity to flower, and to die if the market so dictates. Their capacity as nongovernmental institutions to respond rapidly to changing societal needs and to experiment is clearly of significant value to society [5]. In terms of their value in serving the equity-oriented ends of public policy, it is notable that private colleges and universities as a group enroll nearly as high a proportion of minority students as public institutions do [40], and they graduate a substantially higher percentage of those they enroll [43]. Also, contrary to popular belief, according to studies in several states the family income profile of private college students in the aggregate is very similar to that of students in the four-year public sector and is substantially less affluent than that of the leading public research universities [40].

Current Concerns

Thus, there is ample reason for public policy to be concerned with the capacity and vitality of private higher education, given the key societal functions it performs uniquely (or especially well) and the extent to which it eases burdens on the public treasury in many states. If the private sector continued to perform these functions in the absence of policy intervention or change, there would be no cause for concern. But I will argue, there are reasons to think that a key part of the private sector will be unable to do so. Indeed, it is already visibly slipping in its ability to serve public purposes.

In light of the limited resources pragmatically available to governments today, the point about reducing burdens on the public treasury takes on added importance. Most important, though many state policymakers are not yet fully aware of it, a majority of states will soon face increases—some very substantial increases—in the demand for places in higher education simply by virtue of known demographic trends. In particular, the maturation to college age of the large baby boom echo cohort of children born in the late 1970s and early 1980s and the effects of recent population growth patterns will be felt very strongly in many states by the year 2000. According to the Western Interstate Commission on Higher Education's latest projections (published fall 1993), the number of high-school graduates will increase between 1991–92 and 2001–02 *by forty percent or more* in six states (including populous California and Florida), by 20% to 39% in eighteen more, and by 10% or more in yet another fifteen states (see Figure 1).



Source: [58]

FIGURE 1. Projected Percentage Change in High-School Graduates, 1991–1992 to 2001–2002

These figures are a good rough indicator of pressures to add enrollment capacity in higher education (hereafter termed simply demand).[5]

Additional increases in demand for higher education may well be spurred by the clear recent signs of strong labor market rewards for college graduates [37] and by the growing interest of employers and their employees in higher education as a means of increasing workers' human capital.[6] In many cases high-cost professional school enrollment slots (e.g., in engineering and some health professions) will be in particular demand. Yet, in the face of this growing demand, many public higher education systems are at or near capacity to enroll students and would have to build additional buildings or whole campuses and hire additional faculty to expand enrollments significantly,[7] short of radical reconfiguration of campus missions or delivery modes. Such expansion is likely to be a very expensive proposition on a per student basis at a time when public support for taxes and government spending is at a low ebb.

While some public sector expansion will no doubt be necessary in most states with growing enrollment demand, many of these same states have private colleges and universities with apparent slack capacity after years of relatively stable or even declining enrollments. Ten states showed a decline over the 1980–90 period in undergraduate enrollments in private, four-year colleges and universities, and another 16 states and the District of Columbia experienced only small aggregate increases (less than 10%) over this decade, suggesting that some private institutions in these states may well have slack capacity. Among the 10 states with 1980–90 enrollment declines in the private sector, 3 anticipate growth in high-school graduates over the decade 1991–92 to 2001–02 of 20% or more, and 3 more expect growth of more than 10%. Of the 16 states where private enrollments grew slowly in the 1980s, 10 expect gains of 10% or more in high-school graduates, and 4 more anticipate growth in the 10–19% range. Table 1 juxtaposes the state-by-state data on recent private higher education enrollment change against the WICHE projections of numbers of high-school graduates expected in the decade ending in 2001–02.[8]

Incremental costs to add students at institutions with excess capacity should be relatively low, certainly lower than the per student cost of building additional capacity in the public sector.[9] In addition, some private institutions wish to grow regardless of slack capacity considerations, and it may well be in the taxpayer's interest for them to do so, even if this requires some financial inducement from the state (assuming the state does not have to pay as much per student place as it would for public sector capacity). For now the primary point is that private higher education's capacity and vitality—that is, its quality and capacity to grow—is, if anything, more squarely than ever a legitimate concern of policymakers.

Threats to the Health of Private Higher Education and Implications

It can be argued that private higher education faces serious threats to its capacity to continue to serve public purposes well [16]. These threats have been brought on by the long period, dating back to around 1980 but now coming to an end, of decline in numbers of high-school graduates, by a rapid increase in the private/public sector price ratio (or "tuition gap") and by very sluggish, erratic growth in federal student aid funds [11, 12]. These trends are in all likelihood related to the declines in private sector enrollments in 10 states, which occurred in the 1980s, to the exodus of middle-income students from private institutions identified by McPherson & Shapiro and Zumeta [33, 34, 63], and to the sharply increasing trend in private institution spending on student aid to attract students [7, 12, 39]. These latter trends suggest potential problems in the ability of the private higher education sector, or at least significant parts of it, to serve public purposes (especially the enrollment of students of modest circumstances), problems that are exacerbated by public policy and which state action could help address.

On the whole though, it is not clear that private higher education has fared badly with the limited attention it has received from public policy during a period of very difficult environmental conditions. Nationwide, full-time-equivalent enrollments in private higher education

TABLE 1

Indicators of Possible Slack Capacity in Private Sector and Overall Demand for Higher Education, by State

State	Percent Change in Private UG Enrollment, 1980–90[a]	Projected Change in High School Graduates, 1991–92, 2001–02[b]
OK	–15.6%	20%
NJ	–15.2%	7%
CT	–14.1%	10%
WV	–13.2%	–12%
ID	–11.0%	37%
MA	–8.3%	10%
AL	–3.6%	3%
NY	–2.4%	10%
MT	–2.0%	41%
IN	–0.1%	8%
KS	0.9%	26%
RI	1.2%	15%
CA	2.7%	36%
PA	3.1%	10%
TN	3.9%	4%
NM	4.9%	26%
NH	5.3%	24%
MI	5.8%	5%
D.C.	5.8%	–10%
AR	6.7%	11%
NE	7.7%	21%
TX	8.9%	28%
CO	9.1%	38%
IL	9.3%	10%
FL	9.5%	40%
WA	9.6%	46%
VT	9.6%	23%
KY	10.2%	11%
GA	10.3%	19%
MN	11.4%	35%
UT	12.9%	23%
LA	14.4%	–3%
IA	14.8%	16%
NC	15.3%	10%
MS	16.5%	7%
SD	16.6%	31%
MD	18.7%	26%
OH	20.7%	4%
OR	23.2%	33%
DE	24.9%	24%
MO	31.1%	15%
SC	33.0%	10%
WI	33.6%	26%
ME	44.1%	2%
ND	47.5%	10%
VA	50.0%	20%
NV	53.9%	95%
AZ	68.4%	47%
HI	74.3%	15%
AK	187.8%	42%

Sources: [a]Developed from raw data collected by U.S. Department of Education HEGIS/IPEDS surveys; [b][58].

grew by about 11% between 1980 and 1992, not far behind the growth rate for public sector enrollments [60]. There was some enrollment growth in the private sector in a surprising nine-tenths of the states during this period and, as was just indicated, the coming years promise substantially more favorable demographic trends in most states. In short, the evidence on private higher education's health and prospects is decidedly mixed. Thus, the argument for enhanced public policy attention to the private sector to be considered here hinges more on the idea of states seizing an opportunity to meet emerging needs cost-effectively than on any need to rescue a long-valued sector in trouble.

State Policies That Affect Private Colleges and Universities and Linkages among Them

I turn now to the major state policies that affect private colleges and universities. First I describe the policies and the available data about them. In addition to conveying a concrete sense of the state policies in this field, I provide some practical insights into the varied arrangements by which states can employ private colleges and universities to serve public purposes. Then, I will discuss whether these policies can reasonably be thought of as part of a coherent state *posture* vis-á-vis private higher education and will consider some basic empirical evidence that indicates that it is reasonable to look for patterns of related policies in this field. Next I describe and try to make clear these state policy postures and their implications.

The Major State Policies That Affect Private Colleges and Universities

A host of state policies affect private colleges and universities in some way, ranging from general state regulatory and tax policies (e.g., worker safety regulations, tax deductions for donations to nonprofit organizations) to very specifically targeted policies like state student aid programs available only to private college students or contract arrangements with private institutions to subsidize enrollment slots for state residents. Historically, empirical data on these policies have been very limited. The data utilized in the analyses to be presented in this article come from three sources. One is a national survey on state policies affecting private colleges and universities that I conducted for the Education Commission of the States Task Force on State Policy and Independent Higher Education [62], hereafter referred to as "ECS survey." Respondents were state higher education agency executives (or their delegated subordinates) and state private college and university association heads. The survey covered all the major state policies affecting private colleges and universities except student aid funding levels and state policies influencing public institution tuition. These latter topics were covered at about the same time by the other two major data sources utilized herein: a survey by the National Association of State Scholarship and Grant Programs [NASSGP][10] on state student aid funding, and one by the State Higher Education Executive Officers [47] on tuition policies.

According to those who represent these institutions in state capitals, the state policies most important to private colleges and universities as a group are in the area of student aid (state scholarships and the like) program design, and funding [62]. In response to federal funding incentives originating in the 1970s, virtually all states have state student aid programs for which needy private college and university students (mostly undergraduates) are eligible [38]. A few states provide "tuition equalization" grants to students who attend private institutions regardless of the student's need status. But the level of funding for state awards and such design features as tuition sensitivity, the maximum award allowed, and the maximum family income level permitted for eligibility for need-based grants vary widely across the states. Tables 2 and 3 show the great range in state funding levels for student aid and, in particular Table 3, for aid that reaches private sector students.[11]

Nearly all the state student aid programs help private institutions *indirectly* by providing aid to their students or potential students rather than providing funds directly to the private school. Such funding might be regarded as the purchase by the state of student enrollment slots at nonpublic institutions according to eligible students choice of institutions rather than as aid to these institutions, although it clearly has both effects and probably in most cases both purposes. States can also contract *directly* with private colleges and universities to enroll students in particular fields where the alternative would be to build additional public sector capacity. In addition, states may contract with private institutions for other services, such as research or technology development in particular fields, enhancement of programs to aid disadvantaged students, or sharing the cost of building a library or other facility for joint public/private use. In all, in 1988, 21 of the 50 states provided funds to private colleges and universities, whether by

TABLE 2

States Ranked by 1988–89 Estimated State Grant Dollars per Fall 1986 Undergraduate Full-Time-Equivalent Enrollment

State	Undergraduate State Grant Aid per Undergraduate FTE Enrollment		State	Undergraduate State Grant Aid per Undergraduate FTE Enrollment	
1.	New York	$492	26.	California	92
2.	Iowa	396	27.	Utah	91
3.	New Jersey	338	28.	Virginia	85
4.	Vermont	335	29.	Maryland	84
5.	Minnesota	326	30.	Tennessee	82
6.	Pennsylvania	271	31.	Missouri	70
7.	Illinois	270	32.	Arkansas	67
8.	Massachusetts	260	33.	Louisiana	63
9.	Connecticut	242	34.	Washington	61
10.	Indiana	242	35.	Alabama	57
11.	North Carolina	174	36.	Kansas	49
12.	South Carolina	173	37.	Delaware	41
Nation		172	38.	Maine	33
13.	Ohio	161	39.	North Dakota	33
14.	West Virginia	158	40.	District of Columbia	23
15.	Texas	156	41.	South Dakota	22
16.	Michigan	155	42.	Nebraska	21
17.	Rhode Island	152	43.	New Hampshire	21
18.	Wisconsin	151	44.	Mississippi	18
19.	Georgia	128	45.	Arizona	17
20.	Oklahoma	116	46.	Hawaii	13
21.	Florida	114	47.	Montana	13
22.	New Mexico	114	48.	Idaho	12
23.	Colorado	111	49.	Wyoming	11
24.	Kentucky	106	50.	Alaska	9
25.	Oregon	95	51.	Nevada	8

Source: [38 (1988)].

contract or other means, for purposes *other than* student aid or the occasional research contract [62].[12] Table 4 provides survey results on the distribution and nature of these types of programs.

The survey data suggest both diversity in states' priorities and needs as these intersect with the capabilities of private colleges and universities and also considerable variety in legal and fiscal arrangements for providing state support. The most common arrangements governing the state subventions were formulas linking state dollars to enrollment slots or degrees awarded (27 of 53 programs that provided the relevant data reported such *capitation* formulas) and *contracts* between the state and recipient institutions (also 27 of 53 programs providing these data). Many of the contracts were for something other than enrollments or degrees, however, such as support for a specific capital project or start-up help for a new program. Ten programs provided state

TABLE 3

Rankings of States by 1988–1989 Estimated Expenditures on Comprehensive Need-Based Undergraduate Student Aid to Private Sector Students per Private Sector FTE Enrollment

State		State Private FTE Enrollment (Fall 1986)	Estimated Payout to Private Sector Students ($thousand)	Estimated Payout to Private Sector Students ($thousand)	Estimated Private Sector Payout Amounts per FTE Private Student (dollars)	Students at Private Voc/Tech or Nursing Schools Eligible for Any State Aid?	Significant[c] Non-Need Based Programs in Existence?
1	Michigan	58,268	$ 51,954	$891.57	Yes[a]	No
2	Iowa	38,762	29 221	753.83	Yes[a]	Yes
3	S. Carolina	23,660	17,828	753.59	No	No
4	Illinois	127,832	86,982	680.42	Yes[a]	No
5	New York	351,897	228,314	648.80	Yes	No
6	Minnesota	42,585	27,280	640.60	Yes	No
7	New Jersey	44,922	26,877	558.37	Yes	No
8	Indiana	49,433	25,228	514.43	Yes[a]	No
9	California	168,219	81,597	485.08	Yes	No
10	Wisconsin	31,763	14,508	456.82	Yes	No
11	Kansas	11,429	4,832	419.98	Yes	No
12	Pennsylvania	196,368	64,843	330.20	Yes	No
13	Connecticut	44,964	14,146	314.17	Yes	Yes
14	Kentucky	25,084	7,975	310.96	Yes[b]	No
15	Vermont	11,776	3,390	287.87	Yes	No
16	Ohio	103,244	26,214	253.86	Yes	Yes
17	Texas	78,527	19,350	246.41	No	Yes[d]
18	Maryland	24,911	4,802	192.69	Yes	Yes
19	W. Virginia	8,002	1,401	174.96	Yes	Yes[d]
20	Massachusetts	194,890	33,719	173.02	Yes	Yes
21	New Mexico	1,174	1,806	154.17	No	Yes
22	Missouri	58,101	8,678	149.40	Yes[a]	Yes
23	Tennessee	43,210	6,412	148.35	Yes	No
24	Alaska	833	12	120.05	Yes	No
25	Florida	80,057	9,536	119.17	Yes	Yes[d]
26	Oregon	16,280	1,878	115.48	Yes	No
27	N. Dakota	2,071	166	82.09	Yes[a]	No
28	Oklahoma	17,909	1,273	70.91	Yes	Yes
29	Arkansas	9,579	645	67.57	Yes[b]	No

TABLE 3 (Continued)

State	State Private FTE Enrollment (Fall 1986)	Estimated Payout to Private Sector Students ($thousand)	Estimated Payout to Private Sector Students ($thousand)	Estimated Private Sector Payout Amounts per FTE Private Student (dollars)	Students at Private Voc/Tech or Nursing Schools Eligible for Any State Aid?	Significant[c] Non-Need Based Programs in Existence?
30	Washington	25,091	1,548	61.78	Yes[b]	No
31	Mississippi	8,995	561	62.37	Yes	Yes
32	Rhode Island	28,940	1,973	60.72	Yes	No
33	S. Dakota	5,635	268	47.91	Yes	No
34	Colorado	16,083	703	43.52	Yes[b]	Yes
35	Alabama	18,954	814	42.74	Yes	Yes[d]
36	Georgia	41,756	1,456	39.65	Yes[a]	Yes[d]
37	Virginia	37,558	1,375	36.74	Yes	Yes[d]
38	Maine	10,055	331	32.82	Yes	No
39	Delaware	3,241	98	30.85	Yes	Yes
40	Nebraska	13,163	394	29.63	Yes[b]	No
41	Arizona	12,338	358	29.18	Yes[b]	No
42	N. Carolina	55,123	155	28.12	Yes	Yes[d]
43	Hawaii	7,146	1,798	21.90	No	No
44	D.C.	51,999	538	13.85	Yes	No
45	Montana	3,027	25	9.91	No	No
46	New Hampshire	20,321	161	7.87	Yes	No
47	Idaho	8,553	31	3.51	Yes[b]	Yes
48	Louisiana	21,901	47	2.28	Yes	Yes[d]
49	Utah	27,446	32	1.09	No	Yes[d]
50	Nevada (1987–88)	281	0	0	Yes[b]	No
51	Wyoming	622	0	0	No	No
Nation		2,283,978	819,354	358.74	—	—

Sources: [38 (1988), 53].

Note: Private sector state higher education enrollment includes data on degree-granting proprietary institutions. In addition, payout dollars to private institutions includes dollars to vocational/technical and nursing schools in some states (see column 4).

[a] Nursing schools only.
[b] Voc-tech schools only.
[c] >20% of total estimated state grant aid in 1988–89 for other than need-based programs = yes.
[d] Non-need based aid plus other aid greater than need-based aid in 1988–89.

support for a wide range of purposes without benefit of any contract or capitation formula. Many of these operated on a grant-like basis: the state agency solicited proposals and funded the ones it found best suited state needs, often with quite broad guidelines as to what types of projects might be eligible. A number of states had more than one program encompassing two or more of the above types of arrangements, suggesting that states have a variety of instruments at their disposal in this policy arena to meet various objectives and state policymaker preferences.

The survey also revealed, somewhat surprisingly, that a substantial share of the state programs that provide funds directly to private colleges and universities were not limited to funding these institutions. In nearly half the cases for which the relevant data were available from the survey (26 of 55, or 47%), private institutions received funds for programs under which public institutions were also eligible. Moreover even in the programs applicable only to private colleges and university ties, which mostly involve purchase or subsidy of enrollment slots (often in high-cost professional fields), these institutions are implicitly competing with public sector alternatives for the use of these funds in that the state university system could open or expand a program in the field instead. These data are at variance with the widely assumed view that

TABLE 4

Type of Programs of Direct State Payments to Independent Institutions and Their Frequency

Type of Program	No. of Such Programs	No. of States w/Such Programs
General institutional support	6	6: IL, MD, MI, NJ, NY, PA
Support for health sciences & health professional programs (most common fields are medicine, dentistry and nursing)	22[a]	14: AL, FL, IL, MA, MI, NC, NH, NJ, NY, OH, PA, TN, TX, WI
Support for ed. programs in other specific fields (most common fields are education and engineering)	12[b]	12: AL, FL, IL, MD, MO, NC, OH, PA, RI, SC, TN, VA[c]
Research/technology support	10	7: FL, GA, LA[d], NJ, NY, OH, TX
Program support for programs serving disadvantaged students	6	6: LA, FL, MA, MI, NJ, NY
Support for cooperative ventures (excludes technology ventures included above)	4	4: AL, IL, MA[e], RI[e]
Broad-purpose capital assistance	3	3: IL, MD, PA[d]
Support for endowed chairs only	2	2: NJ, NY
Support for instructional quality improvement only	2	2: LA[c], SC[d]
Unclassifiable (has supported very diverse activities)	1	1: NJ, (Dept. of Higher Education special-purpose grants)

Source: [66].

[a] Includes cases where support for health fields is part of a larger program also supporting other fields.

[b] Includes cases of state appropriations to specialized institutions.

[c] First funding in 1988–89.

[d] Not funded in 1987–88.

[e] Higher education/K–-12 cooperation.

programs providing state funds to private colleges are essentially "institutional aid." Rather, in many cases the private schools appear to be seen as alternative suppliers of services in a competitive marketplace, with decisions about whom to fund presumably made in substantial measure on the basis of judgments about comparative cost-effectiveness.[13] The distinction is an important one in understanding these state policies.

There are other state policies of particular importance to private higher education. State mandates in areas such as teacher education or data collection (e.g., student outcome data) can have profound implications for private colleges and universities. Also, states may provide by law or practice for private sector representation on the state higher education board itself, for participation in its formal planning activities for higher education (e.g., for new campuses or new telecommunications capabilities), or in state review/approval of new academic programs proposed by public institutions. There are often high stakes in these planning and "program review" decisions for the long-term strategic position of private institutions, yet the survey data show a very mixed picture in terms of private sector participation in them [64].

Another set of state, or at least heavily state-influenced, policy decisions that are of great importance to private colleges and universities are decisions about tuition levels in public higher education.[14] Yet, a survey of state higher education agency heads showed that impacts on private institutions get little or no consideration in these decisions in all but a very few states [47].[15] So, states seem to use the powerful policy instrument of pricing of public higher education services in a way that virtually guarantees unintended effects.

In sum, state higher education policymakers can be more or less conscious or strategic in their use of the various types of policy instruments at their disposal—some of which have much broader reach than the private higher education sector alone—heeding or not their impacts on private colleges and universities as well as on the state's full range of needs and objectives in higher education. The point here is simply that the impacts on private institutions, which affect the ultimate achievement of reasonable state goals in higher education, often seem to get short shrift in the weighing of these tradeoffs. Having now provided a sense of the nature of the data with which we are working, I turn to the empirical analysis to look for evidence of comprehensible coherence in the range of state policies affecting private higher education using the state as the central focus of analysis. This analysis aims also to make clear the state characteristics associated with particular types of policies and will help us to understand whether and how changes might be effected.

Specific Policies to be Examined in the Empirical Analyses

The empirical analyses to be presented next utilize data on the following state policies (or in the case of some analyses a subset of these), selected for their importance and contribution to providing a complete picture of state policies affecting private higher education. This objective is constrained somewhat by data availability. The policies to be examined here, their measurement, and the sources of data used are listed below.

1. *State student aid funding level (or effort)*—This variable is estimated state grant aid dollars to undergraduates in 1987–88 divided by statewide FTE undergraduate enrollment in fall 1985 as reported by the NASSGP (1988) survey [38]. These data are shown in Table 2.[16]
2. *Absence/presence of direct state payments to private institutions*—This is a dichotomous variable drawn from the 1988 survey by the author (here "ECS survey"). Both direct state appropriations to and contracts for services with private institutions are included except cases of small, one-time research project grants and funds that must be used by the school for student aid (to avoid double-counting funding for student aid). See Table 4 for the range of programs covered.

3. *Public higher education tuition levels*[17]—This is a three-category variable (low, moderate, high) developed by Curry [13] from data collected by the Washington Higher Education Coordinating Board for the 1987–88 academic year. The states are nearly equally divided among the categories, with 17 states each in the high and moderate categories and 16 in the low-tuition category.
4. *Extent of private sector involvement in state higher education planning*—This variable is drawn from the responses of the state higher education agency officials to a question on the ECS survey. Responses were scored on a four-point scale ranging from no involvement to extensive involvement.
5. *Absence/presence of duplication of private institution programs as a criterion in state review of public institutions' new program proposals*—This variable is also drawn from state higher education agency responses to the ECS survey.
6. *Extent of state mandates and regulation affecting private college and universities*—This is a four-category variable, ranging from none to extensive mandates/regulation, based on responses of both higher education agency and private college association heads to several pertinent questions posed on the ECS survey.

Exploring Linkages among State Policies Affecting Private Higher Education

Although state policies that affect private higher education are disparate, there are reasons to believe that within individual states such policies might be related to each other in a more or less coherent fashion. First, rational policymakers seeking maximum impact and minimum unintended consequences from the set of policies in place at any given time would be expected to try to select policies that meshed well with others in the same bailiwick, whether policies already in place or ones simultaneously enacted [44]. Second, although the policies in place at any time have typically evolved over a considerable period, they emerge from policymaking systems and cultures that are fairly stable over time.[18] Yet for all its apparent logic, policy coherence is hardly inevitable. Public policymaking processes certainly do not always produce evidently rational results [27], especially when a set of policies enacted over a long period is viewed at a single point in time. Also, because many state policies affect private higher education only secondarily in the course of pursuing other, more primary goals, the cumulative array of policies touching this sector could be virtually random.

Howlett [20] describes a school of thought on the study of policy instruments (the continuum school), with its roots in such classics as Dahl and Lindblom [14] and Kirschen et al. [23]. This school argues that conceptions of policy tools, and by extension regimes such as those introduced earlier and described in more detail below, are most useful in understanding instrument choice. The argument is that for most tasks a number of policy tools are available, but that policymaker choices among them are driven more by the political, social, economic, and ideological variables at work than by rational assessment of which tool is right for which job. Such analysts as Linder and Peters [28] in the contemporary "policy design" school, seek to blend the earlier ideas of scholars who emphasized a resource-based notion of policy instruments (i.e., distinguishing direct from indirect grants, information-based strategies from coercive regulations, and the like) with those of the continuum school. Howlett concludes a discussion of these efforts by noting: The basic assumption made by design theorists is that policy instruments are technically substitutable but context-ridden. . . . For the design theorists, then, instrument choice is ultimately a political decision heavily influenced by the nature of beliefs, attitudes and perceptions held by political and bureaucratic decision makers [20, p. 8].

This line of argument suggests that there is indeed some logic in searching for regularities among a state's policies in a particular field, such as those affecting private higher education. I begin the task by looking briefly at the bivariate correlations among the key policies of states that affect private colleges and universities. If states' policies in this sphere are largely unrelated, there is no point in seeking understandable state "policy postures." In fact, I will show that state policies affecting private higher education are systematically intercorrelated.[19]

The level of public higher education tuition in a state (low, medium, high) is positively correlated with state "student aid effort" (state spending on student aid grants per student), as would be expected if state policies affecting the private sector are associated.[20] As Tables 5 and 6 suggest, the level of public tuition also seems to be related to the presence of contract or other direct funding of private institutions by the state and to the extent of private sector involvement in state higher education planning.[21] In addition, public tuition level is clearly related to the extent that state regulation and mandates affect the private sector; the higher public tuition states tend to report more extensive mandates that affect the private sector (chi-square significant at the 0.05 level). Thus, it seems clear that the level of public sector tuition, a key state policy affecting private higher education, is linked in some (as yet unspecified) way to other state policies affecting this sector.[22]

TABLE 5

State's Public Higher Education Tuition Level by Presence/Absence of Program(s) That Provide State Funds Directly to Independent Institutions

(*N* = 50 states)[a]	Presence/Absence of State Programs Involving Direct Payments to Independent Institutions		
State's Public Higher Education Tuition Level[b]	States with Direct Payments freq/%	States without Direct Payments freq/%	Total freq/%
High tuition state	11/64.7	6/35.3	17/100
Modern tuition state	7/41.2	10/58.8	17/100
Low tuition state	3/18.8	13/81.3	16/100
Total	21	29	50

Sources: [13, 66].

[a] No data available for District of Columbia on public tuition level.

[b] As determined by [13].

TABLE 6

State's Public Higher Education Tuition Level by Extent of Independent Sector Involvement in State Higher Education Planning

(*N* = 46 states)	Independent Sector Involvement in State Planning				
State's Public Higher Education Tuition Level[b]	Extensively Involved freq/%	Somewhat Involved freq/%	Occasionally Involved[a] freq/%	Not Involved freq/%	Total freq/%
High	6/37.5	5/31.3	5/31.3	0/0.0	16/100
Moderate	1/6.3	5/31.3	9/56.3	1/6.3	16/100
Low	1/7.1	3/21.4	8/57.1	2/14.3	14/100
Total	8	13	22	3	46/100

Sources: [13, 66].

[a] Includes "Occasionally involved" and "Occasionally involved but to a substantial degree on those occasions" responses.

[b] As determined by [13].

We have just seen that state student aid spending is correlated with states' public sector tuition levels. State student aid spending is also significantly higher in the 21 states with contract or other programs that provide state funds directly to private colleges and universities than it is in the states without such programs ($r = 0.35$, $p < 0.05$). Mean student aid spending was $176 per student in the former states, compared to $92 in the latter. State student aid spending is also associated with the extent of private sector involvement in state higher education planning ($r = 0.31$, $p < 0.05$), although this planning is rarely about student aid issues. Mean student aid spending declines in perfect progression from $191 per student in the states where extensive private sector involvement in planning was reported to $28 per student in states where no involvement was reported. Also, state student aid spending is rather strongly correlated to the extent-of-state-mandates-and-regulation scale, at $r = 0.55$ ($p < 0.001$), and weakly correlated to the use of private sector duplication as a criterion in state reviews of new public college programs ($r = 0.29$, $p < 0.10$).

The presence in a state of contract or other programs that provide state funds directly to private colleges was shown above to be associated with both higher public sector tuition and higher state spending on student aid. The presence of such programs is also strongly related to the extent that state mandates and regulation affect the private sector (X^2 significant at the 0.0001 level).[23]

To complete the picture, extent of private sector involvement in planning was also significantly associated with the extent that state mandates and regulation affected the private sector (X^2 significant at the 0.01 level), and was positively but not significantly related to inclusion of the private-sector-duplication criterion in state program reviews. Use of the duplication criterion in program reviews was positively though not significantly related to the extent of regulation affecting private higher education.

Plainly, this pattern of bivariate relationships suggests that it is reasonable to think of state policies affecting private higher education as linked. Next, I will elaborate the framework advanced earlier for thinking more conceptually about *how* these policies are linked and what difference this might make. An empirical effort to validate these *state policy posture* concepts then follows.

State Policy Postures vis-á-vis Private Higher Education

Given reason to believe that state policies that affect private higher education are not random or unrelated to one another, it is logical to try to identify a priori conceptually plausible configurations of state policies that affect private higher education and then to investigate empirically the presence or absence of policy combinations that resemble these configurations in the actual policies of states. It seems reasonable to theorize that states might take one of three broad types of approaches to private colleges and universities in their higher education policymaking. These are the three described briefly above, which I term *laissez-faire, central-planning,* and *market-competitive* state policy orientations or "postures" toward the private sector.[24] Without some such framework concepts it is difficult to think systematically about the wide range of state policies that affect private higher education, much less to know where or how to intervene in a state's policy "system" to affect policy outcomes or how to assess the feasibility of interventions that might be proposed. Thus, if it can be empirically validated, such a framework has potentially both positive and normative uses—it should help illuminate both policy *science* in this field and policy *analysis.*

The Laissez-faire Posture

A state taking the *laissez-faire* posture toward the private higher education sector is essentially choosing to leave this sector to its own devices. At the extreme this would mean little or no state funds for student aid would be available to private college students; no tax incentives aiding private institutions would exist beyond those available to all nonprofits; little or no consideration would be given to independent campuses' concerns in establishing public college tuition and fee structures or their mission and program configurations; no funds would be provided by the state, either by direct appropriation or by contract, to private institutions for any purpose beyond perhaps the occasional ad hoc research contract; the private sector would be excluded from a meaningful role in statewide higher education planning; minimal information about independent institutions, beyond that collected by the federal government would be collected by the state; and the state's regulation of private higher education would be of the most limited conceivable scope, probably limited to licensing institutions to operate and enforcing on them general state laws not specifically targeted at higher education.

In general, it seems likely that a near-laissez-faire posture would be most plausible in states with a relatively small (in terms of enrollment share) and politically weak private higher education sector. Regional patterns should be prominent here because of historical factors that lead to slower and more limited development of private higher education west of the Mississippi [51]. Additional variables at work might include the wealth and general spending propensities of the state, because proposed aid to private colleges might look to skeptical legislators much like any other new area of state spending.[25] Also, a state's governance structure for higher education might play a role, because those states where the state policy agency is also the governing board for the public institutions—an arrangement that obtains more or less in a number of states—might be expected to be little concerned with the private sector. On the other hand, other state governance arrangements, such as one of the coordinating board types where the state agency has a meaningful policy and planning role for both sectors but no line management authority over the public institutions, should be more sensitive to the private sector's role and to potential impacts of policies on it.

What are the likely consequences of a state's pursuing laissez-faire policies vis-á-vis its private higher education sector? As suggested earlier, current competitive conditions facing private institutions, particularly those lacking large pools of surplus applicants and substantial endowments (i.e., the great majority of private colleges), imply various untoward consequences from the standpoint of the public interest, such as erosion of quality as funds are increasingly shifted from instruction and plant and equipment to student aid to compete for students; reduced ability to recruit and retain certain target groups such as minority and modest-income students; further increases in student debt loads; perhaps further moves toward more narrow, vocationally oriented curricula [6]; and, eventually, loss of capacity to enroll students and provide diversity to a state's institutional mix. If a particular state's private higher education sector is small and weak both academically and politically, the consequences may not be serious, practically speaking. In these circumstances, disruptive conflict may be avoided and little quality enrollment capacity or meaningful diversity lost if some private institutions fail to survive the current competitive era without state help.

If, however, a state's independent sector does represent a substantial resource in terms of such publicly useful values as enrollment and research capacity, quality, meaningful diversity and choice for students and other clients, and successful service to underserved areas and populations, then there is reason for public policy to be concerned about the implications of the laissez-faire posture. These implications should be of concern to policymakers, particularly in states that will soon need all the higher education capacity they can find (recall Figure 1.)

State Central-Planning Posture

At the opposite end of the conceptual continuum from the laissez-faire posture stands the state *central-planning* posture. In this policy posture, instead of ignoring the private sector as in the laissez-faire regime, the state embraces this sector as an integral part of its higher education capacity. This model can only be fully developed in a state that practices strong central planning for its public higher education sector, which usually entails a well-developed "master plan" delineating institutional roles as well as extensive mandates, planning mechanisms, data collection, and use of funding leverage to enforce the grand scheme. In such a regime the private institutions are incorporated integrally in the extensive state planning and management of higher education, get their share of attention when new state initiatives that affect higher education are planned, and, of course, would be expected to receive a substantial share of the state's higher education dollars. Indeed the money presumably helps entice them into and cement them within the state's policy system. To better ensure adherence to its plans and designs, we would expect such a state to channel some of its dollars directly to independent institutions, indeed perhaps to prefer direct funding of them at the margin to student aid and tax incentives as more effective levers to simultaneously aid and direct the private higher education sector to serve state purposes.

Central planning also implies as a basic tenet efforts by the planners to limit apparent duplication in institutional missions and programs, because such duplication seems unnecessarily expensive.[26] Such efforts become very significant to the independent sector if taken seriously, because they mean that duplication of private institution missions, programs, or geographic turf become legitimate considerations in state decisions about expansion in public higher education. This addresses one of the private sector's chief state policy concerns in the current competitive era, and therefore this sector can be expected to support actively such vigilance by state authorities. Similarly, when developing state policies that affect (or determine) public higher education tuition levels, the central-planning-oriented state would be expected to give attention to impacts of such policies on the private sector because it is dependent on these institutions to play specific roles in the state's higher education "system." Thus, public tuition levels will tend to be pushed upward, but this effect may be moderated by other factors, such as the relative political influence of the public and private sectors of higher education.

The price of solicitude from the state in program review matters, and of participation in its planning councils and funding largesse, seems likely to be increased state concern over time with private institutions' missions, program configurations, and (broadly defined) performance with state funds. Thus, the state practicing extensive central planning would be expected to collect increasing amounts of data from and about private institutions (as it would about its public institutions) and to oversee their financial operations and their efforts at new program initiatives more closely over time. It would also be likely to come to see these institutions as legitimately subject to state regulation (e.g., with regard to student and institutional assessment, program review, perhaps tuition pricing), as well as to its fiscal largesse.

In short, "independent" institutions which choose to play in the state's game under a central-planning regime run the risk of becoming quasi-public. The negative side of this is that such quasi-public institutions, substantially dependent upon state dollars and subject to various formal and informal state controls, are likely to become less capable of sustaining the diversity of mission and approach, the flexibility and rapid market responsiveness, and the autonomy from a single central vision that is an important part of the reason public policy might seek to preserve an independent higher education sector [5, 48]. Also, such a centrally focused policy regime will tend to attract some of the private institutions' creative energies toward influencing the state authorities who control the resources and protections they seek, perhaps at the expense of direct attention to state service needs as reflected in student and market demands.

However, the state central-planning posture has some notable advantages as well. It permits the state to aid the independent sector largely as it sees fit in a time when many private institutions may need such aid to continue serving public purposes well. This direct institutional aid, more than "portable" aid carried through students to private institutions, can be used to target state resources to particular purposes. Second, such a regime legitimizes use of private institutions to serve public purposes in situations where they may be more cost-effective tools for the particular task than public institutions (e.g., programs serving particular regions or high-cost specialty fields where the private sector already has capacity) or where the two sectors can work cooperatively. Third, it legitimizes data gathering on private institutions and their capabilities that should have many uses in managing an integrated state higher education system for optimal results. Fourth, it permits the state authorities to shield private institutions from subsidized public sector competition if they choose to do so. Finally, extending the state's regulatory net to include the private sector may have benefits to the extent that these efforts succeed in enhancing educational quality, teacher preparedness, and the like, as they seek to do.

States tending in the direction of the central-planning model are almost certain to have historical, cultural, and legal traditions that permit and encourage both strong central planning and close state-private-sector relations. The private sector, of course, has to be both willing to participate and large enough to be worth taking into account.[27] Empirically, one would tend to look for central-planning-oriented states with heavy independent sector involvement in policy-making among states with large, politically influential private higher education sectors. These considerations point toward the Northeast and upper Midwest states with large, long-established private sectors and traditions of governmental activism strongly influenced by the affected interests. Other likely factors are a coordinating board type of state governance structure, which facilitates private sector involvement more than a statewide "board of regents" arrangement, and sufficient state wealth to make substantial student aid and programs that channel state funds directly to private institutions seem affordable.

The Market-Competitive State Policy Posture

A third, distinctly different, type of state policy posture is possible.[28] In the market-competitive regime, rather than letting the chips fall where they may as in the laissez-faire model, the states take a more active posture toward private higher education and private/public sector relations. Although these states avoid the detailed central-planning characteristic of the approach just described, state authorities under the market-competitive regime nonetheless take a comprehensive view of the state's higher education resources, including its private institutions, but seek primarily to facilitate the workings of the marketplace and to promote evenhanded competition across sectors.

Under the pure market-competitive approach, state intervention would be limited to addressing the various market imperfections (e.g., widely varying tuition subsidies not systematically related to policy objectives, the existence of near-monopolies in some markets, inadequate or no response to particular state needs by the higher education system, inadequate consumer information) that characterize the higher education marketplace. Thus state mandates and regulation would be limited. State interventions in this model would likely include tuition and competitive student aid policies designed more nearly to equalize net prices (i.e., after student aid) between private and public institutions; encourage, or at least not discourage, public/private competition not judged to denigrate quality or involve fraudulent claims; and to make efforts to disseminate widely and facilitate the use by students and their parents of comparative information about institutions' characteristics and performance [8]. This last strategy is in contrast to the central-planning regime where information policy focuses on collecting data for managing the system from the center.

Whenever the state authorities saw a particular need not being adequately addressed by the public and private institutions (e.g., inadequate production of certain types of trained specialists, a need for new economic development initiatives), the true competitive regime would describe the type of program sought and offer it up for "bids" in a competition open to competent institutions from both sectors.[29] Winning bidders would be granted time-limited, performance-based contracts subject to nonrenewal and rebidding, rather than essentially permanent institutional grant programs.[30] Such contracts would be the extent of direct institutional aid to private institutions in the true market-competitive regime, because the state would prefer aid mechanisms where the market chooses who gets how much aid, such as tax incentives for donations to institutions of either sector and aid routed through students who can choose which college to attend.

Beyond the specific and carefully targeted interventions to "perfect" the market described above, the pure market-competitive state would, in sharp contrast to the central-planning regime, allow both public and private institutions (a) to plan and modify their own offerings within existing resources without close state regulatory oversight, and (b) to compete directly for students and the resources tied to them. An empirically plausible version of this model would almost certainly, however, entail some restrictions on the program configurations of public institutions (i.e., mission limitations and some state review of new program proposals) and some basic funding guarantees to public institutions independent of enrollments.

One might summarize the differences between the state central-planning model and the market-competitive posture by observing that in the former the private institutions are treated by the state much like the public, whereas in the latter the public institutions face an environment deliberately designed to be much like that now faced by the private schools. The basic point of the latter type of state policy regime is to focus institutions more on reacting to (or anticipating) societal needs and demands by encouraging them to respond to market or quasi-market signals (i.e., enrollment-driven funding and performance-contracting arrangements) and less on working state officials for favored treatment in centrally controlled decisions on missions, programs, and resource allocations.

This model has theoretical appeal, but the full-blown market-competitive model has a number of theoretical and practical difficulties. Two problems are paramount. First, the large costs involved in reducing the effective price gap (tuition gap net of financial aid) between private and public institutions necessary to reduce the privates' sensitivity to direct public sector competition may be seen as prohibitive in many states, though such expenditures could actually serve to offset public institutions' demands for funds to serve more students. Public institution interests will surely argue that they have better uses for the state's higher education funds than providing subsidies to more students to attend high-priced private schools. Second, the logic of encouraging in certain ways, rather than uniformly limiting and regulating, intersector competition for students is difficult for many to understand, even in states with relatively strong pro-market attitudes in general. Competition can be noisy and unsettling, and the other side of the competition coin is duplication of similar programs, which to many observers and participants in higher education policymaking simply looks like waste.[31]

The market-competitive model's approach to information policy—emphasizing the dissemination of information in usable form to consumers to guide their choices rather than amassing it at the state level to inform centrally made decisions—is also unfamiliar to many and relatively untested, though there are recent signs of increased interest in it.[32] There are also legitimate doubts about the sustainability over the long run of a truly open and competitive bidding and rebidding process for performance-based contracts [46, 55]. Finally, one might well wonder what happens under a market-competitive regime when competition threatens the demise of a public institution or, for that matter, a politically well-connected private one. In short, the most important open questions about the viability of a market-competitive-oriented regime are likely to be ones of *political* economy rather than pure economics. Still, the non-intrusive nature of this approach makes it intriguing to those attracted to the market responsiveness, flexibility, and autonomy that characterize many institutions in the private higher education sector.

As with the other postures, one would expect historical and cultural factors to play an important role in determining which states might lean in the market-competitive direction with respect to policies toward private higher education. To the extent that these factors are captured by regional differences, we might expect to see this posture tend to come closest to fruition in the southern and western states where pro-market values are strong, especially in states where the private sector is large enough to attract policymaker attention but not so large as to successfully take a place in a cartel-like central-planning regime. The connection of the market-competitive orientation to state wealth is not entirely clear, but one might expect it to be less attractive to the poorest states, where there will be resistance to large student aid programs benefiting the private sector, and to the wealthiest states, where concerns with cost-effectiveness in higher education may not be prominent, than it will be to states in the middle-range on wealth measures. Finally, one would expect states with coordinating board governance arrangements to be more attracted to this rather hands-off, level-playing-field approach than states with a board holding line authority over the public institutions.

Now I turn to the task of examining these policy posture constructs empirically to see if they are at all descriptive of the mix of state policies actually in place in this field and to see which state characteristics (region, private sector enrollment share, state wealth, governance structure, etc.) are associated with which types of policies. The empirical analysis also considers the relationship of a state's policy posture toward the private sector to total state and local spending on higher education, as well as to proxies for other important policy concerns, that is, to overall participation in higher education and to an indicator of quality in public higher education.

Empirical Analysis of State Policy Posture Constructs

Cluster analysis was used to see whether the a priori notions outlined above about state policy postures toward private higher education bear any useful relationship to empirical reality. The policies used in this analysis were the six described earlier. Except as noted below, all the analyses presented in this section cover 48 states: Wyoming has no private nonprofit collegiate institutions based within the state, and for Maine and the District of Columbia data on some of the variables were not available.

Initially, hierarchical cluster analysis (without preconditions) was employed using the six state policy variables to get an idea of how the 48 states tended to cluster on these dimensions. This technique simply measures the sum of the squared distances between, in this case, states in a six-dimensional space based on the states' scores on the six policy variables,[33] divides the states into any number of clusters the analyst specifies, and provides various measures of dimensionality and the closeness of particular states to one another in terms of these policy dimensions [41]. For convenience, the results of the three-, four-, and five-cluster versions of this analysis are shown in Table 7 (or described in footnotes). Hereafter any reference to these clusters will use the four-cluster version of the analysis that is featured in the table.[34] This initial purely empirical analysis with no preconditions provides useful perspective in interpreting the results from the subsequent analyses which are based on prespecified criteria reflecting the state policy posture categories.

These latter analyses were based on the following characterizations of each of the three constructs of state policy regimes:

Laissez-faire states:

- Tuition level in public institutions: low.
- State student aid effort: low (see note 33).
- State contract or other direct subventions to private institutions: no.
- Private sector involvement in state higher education planning: occasionally involved or not involved.
- Duplication of private sector programs a criterion in state review of proposed new programs by public institutions: no.

TABLE 7

Hierarchical Cluster Analysis Results: State Policies That Affect Private Higher Education (N = 48 states[a] in Four Clusters)

Cluster One[b] (*N* = 21)	Cluster Two[b] (*N* = 13)	Cluster Three (*N* = 13)	Cluster Four (*N* = 1)
Alaska	Alabama	Connecticut	Florida
Arkansas	Delaware	Illinois[c]	
Arizona	Iowa	Indiana	
California	Louisiana	Maryland[c]	
Colorado	Massachusetts	Michigan	
Georgia	Missouri	Minnesota	
Hawaii	Rhode Island	New Hampshire	
Idaho	South Carolina	New Jersey[c]	
Kansas	South Dakota	New York[c]	
Kentucky	Tennessee	Ohio	
Mississippi	Vermont	Oregon	
Montana	Washington	Pennsylvania	
North Carolina	Wisconsin	Virginia	
North Dakota			
Nebraska			
New Mexico			
Nevada			
Oklahoma			
Texas			
Utah			
West Virginia			

Source: Analysis by the author based upon data from [66].
[a] Maine, Wyoming and D.C. not included due to lack of data.
[b] Cluster one and cluster two are combined in the three-cluster version of the analysis.
[c] Illinois, Maryland, New Jersey, and New York form a subcluster in a 5-cluster version of the analysis.

- Extent of state mandates and regulation affecting private colleges and universities: scored 0 or 1 (low-end values on a zero-three [four-point] scale).

Central-planning states:

- State contracts or other direct subventions to private institutions: yes.
- Private sector involvement in state higher education planning: extensively or somewhat involved.
- Duplication of private sector programs a criterion in state review of proposed new programs by publics: yes.
- Extent of state mandates and regulation affecting private colleges and universities: scored 2 or 3 (high-end values on a zero-three [four-point] scale.

No values were specified for tuition level in public institutions or state student aid effort because these policies are considered less intrinsic to the central-planning policy regime than the other types of policies listed above. However, as suggested earlier, the expectation is that central-planning-oriented states will tend to have high levels of spending on student aid and moderate or high public institution tuition.

Market-competitive states:

- Tuition level in public institutions: high or moderate.
- State student effort: high.
- State contract or other direct subventions to private institutions: yes.
- Private sector involvement in state higher education planning: somewhat or occasionally involved (mid-range values on a zero-three [four-point] scale).
- Duplication of private sector programs a criterion in state review of new programs proposed by public institutions: no.
- Extent of state mandates and regulation affecting private colleges and universities: scored 1 or 2 (middle range on a zero-three [four-point] scale).

Note that some of the criteria for membership in this policy cluster overlap with the criteria for the central-planning cluster. Both are activist state policy regimes in clear contrast to the laissez-faire approach. The market-competitive regime, with its substantial state funding involvement, necessarily has some level of state regulation and participation of the private sector in planning, but it has less than the central-planning model. In sharp contrast to the central-planning regime, the market-competitive state worries little about public/private program duplication.

The basic analytic strategy was first to specify very strict criteria for a state's qualification into one of the above constructs and then to see what effect some relaxation of the qualification criteria might have. Also, I looked explicitly for hybrid cases where policies seemed to be a true mix across the policy regime types, as well as for cases where none of the constructs or hybrids fit well. Table 8 shows the results of the analysis in a form displaying the major alternative ways of viewing the data while imposing on it what seems to be the most logical structure.

The upper left part of the table shows the laissez-faire cluster of states. The 14 states in the laissez-faire box are distinct from the other states in that they do not qualify for any of the other clusters by any reasonable set of criteria, and all but one of them (South Dakota) were grouped together in cluster one in the initial, strictly empirically driven hierarchical cluster analysis.[35] As the spaces that separate the groups within the laissez-faire cluster show, 4 states are laissez-faire in the strongest sense: they qualify on all six of the policies that affect private higher education. Another 5 states qualify on five of the six policies, and 5 more qualify on four of the six policies. It is interesting to note that of these 14 states whose higher education policies ignore or largely ignore the private sector, 12 are in the West or Plains regions and the other 2 are Southern states.[36] States in the West and Plains regions tend to have lower proportions of higher education enrollments in private institutions than is true in the other regions. These regularities will seem quite plausible to students of state higher education policy, and they fit with the expectations outlined earlier.

The pure central-planning cluster (upper right part of table) is defined strictly (four of four central-planning-oriented policies are required to qualify) and includes just five states. Note that 4 of these 5 states were grouped together in the hierarchical cluster analysis and the 5th, Florida, formed its own "cluster" in this analysis (but was most similar to hierarchical cluster three according to the cluster analysis dendrogram). Another 14 states had three of the four central-planning-oriented policies in place, but all of these also displayed substantial elements of the market-competitive policy regime; they were therefore placed in the hybrid category shown at the middle right part of the table. As expected, the 5 "pure" central-planning states tend to have relatively high levels of tuition in their public colleges and universities (3 of the 5 states are in the highest tuition category and a 4th is in the moderate tuition category), and above-average

TABLE 8

State Policy Postures toward Private Higher Education

Laissez-Faire (LF) Cluster ($N = 14$)

States	No. of Criteria Met	Hierarchical Cluster
Arizona	6 of 6	1
Arkansas	6 of 6	1
Idaho	6 of 6	1
Nevada	6 of 6	1
Alaska	5 of 6	1
Hawaii	5 of 6	1
Mississippi	5 of 6	1
Montana	5 of 6	1
New Mexico	5 of 6	1
Kansas	4 of 6	1
North Dakota	4 of 6	1
Oklahoma	4 of 6	1
South Dakota	4 of 6	2
Utah	4 of 6	1

LF/MC Hybrid Cluster ($N = 4$)

States	No. of Criteria Met	Hierarchical Cluster
Delaware	LF = 4 of 6 MC = 4 of 6	2
Kentucky	LF = 5 of 6 MC = 4 of 6	1
Nebraska	LF = 5 of 6 MC = 4 of 6	1
Vermont	LF = 4 of 6 MC = 5 of 6	2

Market-competitive (MC) Cluster ($N = 8$)

States	No. of Criteria Met	Hierarchical Cluster
Georgia	6 of 6	1
Michigan	6 of 6	3
Rhode Island	5 of 6	2
Wisconsin	5 of 6	2
Colorado	4 of 6	1
New Hampshire	4 of 6	3
North Carolina	4 of 6	1
Texas	4 of 6	1

Central-Planning (CP) Cluster ($N = 5$)

States	No. of Criteria Met	Hierarchical Cluster
Florida	4 of 4	4
Illinois	4 of 4	3
Maryland	4 of 4	3
New Jersey	4 of 4	3
Oregon	4 of 4	3

CP/MC Cluster ($N = 14$)

States	No. of MC Criteria** Met	Hierarchical Cluster
Pennsylvania	6 of 6	3
Virginia	6 of 6	3
Iowa	5 of 6	2
Massachusetts	5 of 6	2
Ohio	5 of 6	3
South Carolina	5 of 6	2
Tennessee	5 of 6	2
Alabama	4 of 6	2
Connecticut	4 of 6	3
Indiana	4 of 6	3
Louisiana	4 of 6	2
Minnesota	4 of 6	3
Missouri	4 of 6	2
New York	4 of 6	3

**All CP/MC hybrids meet 3 of 4 CP criteria

Other States* ($N = 3$)

States	Hierarchical Cluster
California	1
Washington	2
West Virginia	1

*Failed to qualify for any cluster or hybrid.

Source: Analysis by the author based upon data from [66].

spending on state student aid (3 of the 5 qualify as high student aid effort states, and a 4th is close). These states also have sizable private sector market shares, as expected. Three of the 5 central-planning states are in the Northeast (Maryland, New Jersey) or Midwest (Illinois), consistent with expectations, and 1 is in the South (Florida), and surprisingly, 1 is in the West (Oregon).[37] The market-competitive policy cluster (lower left in table) includes 8 states, 2 of which qualify on all six policies and 2 more on five of the six policies, while 4 states have only four of the six market-competitive policies in place and might therefore be regarded as *weak* market-competitive states. These 8 states qualify for the market-competitive cluster *only,* they are not hybrids (i.e., they are not close to meeting the criteria for the central-planning or laissez-faire clusters).

Two of the states in the central-planning/market competitive hybrid cluster (Pennsylvania and Virginia) also have all six of the market-competitive policies in place, and 5 more states in this hybrid category are market-competitive on five of the six policies.[38] In addition, 1 state, Vermont, from the laissez-faire/market-competitive hybrid cluster (left-middle of table) has five of the six market-competitive policies. Each of the 4 states in the laissez-faire/market-competitive hybrid has four or five laissez-faire policies in place as well as four or five that qualify as market-competitive.

To conclude, note that only 3 of the 48 states included in the analysis (California, Washington, and West Virginia; see lower right corner of table) do not fit into any of the specified categories of policy regimes. With some empirically plausible conception now of how state policies that affect private higher education are linked, I turn to a systematic examination of the correlates of these policies and postures. The purposes again are to begin to understand both from where these policies and policy configurations come and also to illuminate the issues around classes of strategies for possible policy intervention in the different types of states.

Correlates of State Policies and Policy Postures

In this section I will first explore the highlights of relationships between certain state characteristics (and other important state-level variables) and key state policies affecting private higher education. Then I will examine systematically the relationships between these state-level variables and state policy *postures* (the categories described and analyzed above) toward private higher education.

Regional Variations

As noted earlier, a majority of states in three regions (the Northeast, Midwest, and South) have contract or other programs that provide state funds directly to private colleges and universities, whereas none of the 18 states in the Plains and Western regions have such programs. There are sharp regional differences on the other policies that are of interest, too. For example, state student aid grant spending averaged $212 per FTE undergraduate in the 8 Midwestern states and $207 in the 12 Northeastern states. But it was little more than half as large in the 13 Southern states ($108 per student) and averaged just $48 in both the Plains states and the West. Similarly, public sector tuition was classed as high [13] in 9 of the 11 Northeastern states and moderate in the other 2, whereas in the Midwest 7 of the 8 states were classed as high-public tuition states, and 1 was classed as moderate. But in the South only 1 state was high, 6 were moderate, and 6 were low. The Plains region was somewhat similar to the South; 4 states were in the moderate and 1 in the low category, whereas the West had mostly low-tuition states; 9 were in this category, and the remaining 4 were in the moderate category. These data certainly reinforce the well-known idea that basic patterns in the history, politics, laws, and economics of states located in different regions have important effects on their policies affecting private higher education. Many of these factors, such as constitutional provisions, basic political alignments and economic status, are unlikely to change rapidly, which suggests that at least some broad constraints exist that govern policy change efforts.

Private Sector Share of Enrollment

Another factor that might well be expected to affect state policies toward private higher education is that sector's share of total statewide higher education enrollment. If a larger share of a state's enrolled students are in the private sector, it is logical for both substantive and political reasons that public policy pay more attention to this sector.[39] Indeed, the correlation between private enrollment share and state student aid effort is positive and strongly significant ($r = 0.41$, $p < 0.01$), as expected. The impact of the private sector's "market share" on policy is also suggested by the fact that the 21 states with programs providing state funds directly to private institutions have a mean private market share of 28.2% (median = 23.9%), compared to a mean of 19.9% (median = 15.19%) for the 30 states with no such programs.[40] States with larger private market shares also tend to have higher tuition in their public colleges and universities. The mean private sector share of enrollment in the high-public-tuition states is 30.6%, compared to 21.6% in the moderate-tuition states and 14.3% in the low-tuition states.[41] Private market share seems also to be related to private sector involvement in state higher education planning.[42] Private market share is correlated with the extent of state mandates and regulation affecting the private sector ($r = 0.39$, $p < 0.01$), suggesting that the reach of such mandates is affected by the significance of the potential targets. Finally, private market share is not significantly correlated with whether or not a state takes duplication of private sector programs into account in reviews of proposed new public institution programs (but the sign on the correlation coefficient is positive). Thus, the expected association between the private higher education sector's relative importance in a state and the state's policies toward it is, in general, present.

A likely mechanism by which private sector enrollment share influences state policies is via state relations efforts, that is, lobbying and the like. One proxy measure of lobbying efforts that is available for 27 of the states via the ECS survey is expenditures of the statewide private higher education association (although these associations also have some other functions).[43] In addition to the small number of cases, the state associations which did not exist or did not provide this possibly sensitive information tended to be the states with small private sectors and less favorable policies toward this sector, thus making robust relationships doubly difficult to find in the data for the remaining states.

The results are not robust, but there is a weak positive relationship between private sector enrollment share and association expenditures ($r = 0.30$), although it is not statistically significant at even the 0.10 level. Interestingly, for these 27 states the correlation between the state association's expenditures and state student aid effort (spending on student aid grants per student), generally one of the organization's primary thrusts, is stronger than the relationship between private market share and the association's budget and is statistically significant ($r = 0.40$, $p < 0.05$). A multiple regression analysis seeking to account for state student aid spending as a function of private market share and private sector association budget produced surprisingly strong results, although these should be regarded as only suggestive in light of the limited data and dearth of controls. This simple linear model accounted for nearly 50% of the variance in state student aid effort across the 27 states ($F = 13.94$, $p < 0.0001$). The standardized regression coefficient for the private market share variable was $\beta = 0.64$ ($p < 0.001$), while the coefficient for state association spending independent of market share was positive but not significant.

State association spending by the private sector also gives some evidence of being positively associated with other state policies desired by this sector, including the level of public higher education tuition, the presence of state programs providing funds directly to private institutions, and the extent of private sector involvement in state planning for higher education.[44] Although these findings are less than definitive statistically, taken together they are consistent with the plausible notion that private higher education's expenditures on legislative relations bear fruit in terms of state policies[45] and that these expenditures tend to be larger where the private sector's market share is larger.

Other State-level Variables

Several other state-level variables were explored in an effort to develop a more complete picture of what characterizes states with larger versus smaller shares of enrollment in the private sector and with particular types of policies that affect this sector. Table 9 summarizes some of the major findings from these analyses. Note first that state wealth (personal income per capita, third line in table) is positively related to both private sector share of state enrollments in higher education and to state spending on student aid grants. It also seems to be related to the presence of state programs that provide funds directly to private colleges and universities.[46] The most plausible interpretation for this set of relationships is probably that the states with larger private sectors tend to adopt policies that are more favorable toward this sector (as was suggested above) and that these happen to be, in general, wealthier states. These relationships also suggest that the states with less favorably disposed policies toward private higher education might have difficulty in altering this disposition (at least with respect to policies entailing significantly increased new spending), should they choose to do so, due to their lower proportion of enrollments in private institutions and their lower wealth.

This notion is reinforced by the observation that state/local "tax effort" (government tax and other general revenue collections divided by personal income) tends to be higher in states with *lower* shares of enrollment in the private sector. The bottom row of the table indicates a modest negative correlation between state tax effort (i.e., burden) and private sector market share. Also (not shown in table), the states *without* programs that provide funds directly to private institutions have significantly *higher* tax effort levels than do states with such fiscal links to private higher education.[47]

TABLE 9

Pearson Correlation Coefficients among Key State-Level Variables (1987–88 data, except as noted)

State Characteristics (*N* = 51)	Private Sector Share of Total Enrollment[a] Coef/Sig Level	Estimated State Student Aid Spending per Student[b] Coef/Sig Level
Private sector share of total enrollment[a] (*N* = 51)	na	0.41***
State spending on higher education per capita[c] (*N* = 51)	−0.52***	NS
State personal income (PI) per capita[d] (*N* = 51)	0.43***	0.34**
State and local general revenue per capita[e] (*N* = 51)	NS	NS
State tax effort (General Revenue/PI)[f] (*N* = 51)	−0.24*	NS

[a] [52, p. 142].
[b] [38 (1988), p. 146].
[c] [1, p. 145].
[d] [1, p. 8].
[e] [1, p. 137].
[f] [1, p. 137].
*$p < 0.05$. **$p < 0.01$. ***$p < 0.001$.

A picture thus begins to emerge of a tendency for states with smaller private sectors and less favorable policies toward this sector to be less wealthy states that are already making a significantly larger tax effort than their peers with more favorable policies. This suggests that it would not be easy for these states to move in the direction of more favorable policies toward private higher education because of their immediate and politically visible costs, even if in the long run it might be cost-effective to do so.[48] Yet, some utilization of such policies might well prove cost-effective over the next few years for the many states expected to see sharply growing demands for places in higher education and who would otherwise presumably have to expand public sector capacity by adding costly new facilities and faculty.[49]

Overall State Spending on Higher Education and State Policies toward the Private Sector

It is plausible that having a large private college and university sector would permit a state to spend less public money on higher education than it otherwise would, for it should not have to provide large per student subsidies to public institutions for as many students. Indeed, increased expenditures on student aid programs and other measures helpful to the independent sector's attractiveness and capacity could, depending on capacity and demand patterns, conceivably reduce total higher education costs to taxpayers by reducing the need for public sector capacity.

Such a proposition is difficult to test definitively, but analysis for a single year (1987–88 or 1988, depending on the variable) of some of the key relationships between total state and local spending per capita on higher education[50] and such variables as private enrollment share, state wealth, state tax effort and other state characteristics, and state policy variables such as state student aid effort and presence or absence of programs under which independent institutions receive state funds is suggestive. The correlation between *higher* private enrollment share and *lower* total public spending on higher education per capita is rather strong ($r = -0.52, p < 0.0001$). The simple dichotomous variable, absence/presence of state programs providing state funds directly to independent colleges and universities, is inversely and significantly correlated with total state/local higher education spending per capita ($r = 0.38, p < 0.01$).[51] Controlling for the influence of private market share on total state higher education spending by entering it first in a multiple regression analysis seeking to account for this spending reduces the magnitude of the coefficient on the presence-of-state-programs variable, but the latter's sign remains negative and significant ($b = -0.27, p < 0.05$).[52] According to these regression results, the presence of such programs is associated with *lower* overall state/local higher education expenditures by $39 per capita relative to their absence.[53]

Overall, these findings are consistent with the plausible notion advanced initially that a larger private sector enrollment share should tend to save state taxpayers money they would otherwise likely spend on public higher education capacity. The bivariate regression between these two variables implies that an increase of one percentage point in the private sector's share of statewide enrollment is associated with *lower* overall state/local spending on higher education of $2.28 per capita (+ or –$0.54, $p < 0.0001$), or put another way, $11.4 million annually in a "typical" state with a population of 5 million.[54] Of course, this is only a way of describing a bivariate relationship, it does not imply that shifting 1% of a state's enrollment across sectors will save this sum. Yet, the idea that directing a larger share of any *increasing* enrollment into the private sector should save the state taxpayer money is entirely plausible. The extent of savings will depend upon the incremental cost of public sector expansion compared to the per student cost to the state of enticing some of the additional students into the private sector via student aid, direct payments to the institutions, better information, or some combination of such measures.

Interestingly, a multiple regression analysis of per capita state and local spending on higher education on a variety of variables that might be expected to be related to this variable[55] produces a coefficient on private market share that is somewhat lower than the bivariate coefficient but still strong ($b = -\$1.85, p < 0.01$).[56] When the explanatory variables are entered stepwise in order of strength of relationship with per capita state/local spending on higher education, *private market share is the first variable to enter the equation.* Next comes state tax effort, which is positively correlated with spending on higher education. Significantly, at this point the dichotomous variable for absence/presence of state programs that provide funds directly to private institutions retains an *inverse* relationship to overall state spending on higher education at a marginally significant level ($p < 0.051$). So, although private market share is correlated with this and other variables reflecting favorable policies toward the private sector, this particular programmatic variable's relationship to state spending on higher education is in some measure independent of private market share.[57]

Policymakers might be concerned that a configuration of policies directing more students into the private sector of higher education could lead to lower spending per student in public institutions (if the programs to lure more students into the private sector drained state resources) or to lower overall participation in higher education (if it meant that higher education became substantially more costly to students on average). Cross-section analysis cannot answer these objections completely, for these effects could occur within a state over time, but an examination of the zero-order correlations among the relevant variables does not suggest any cause for concern. Overall (public and private) participation rate in higher education of the population aged 17 and over is essentially uncorrelated with both state student aid spending and the presence of state programs that provide funds directly to private institutions and is *positively and fairly strongly correlated* ($r = 0.46, p < 0.001$) with private sector share of enrollment. Thus it is unlikely that policies that favor private institutions have worked in any significant way to undermine overall participation in higher education. More likely they have enhanced it, if they have had any effect.

The level of spending per student in public institutions—a crude measure of quality in this sector or at least of effort to achieve it—also does not seem to be affected by private market share, the level of state student aid spending, or by the presence of programs that provide state funds directly to private institutions, at least according to the bivariate correlations. Finally, when these variables are added to the multiple regression analysis seeking to account for total state/local spending on higher education per capita, the private market share variable remains highly significant and its negative coefficient actually increases in absolute magnitude: ($b = -\$3.45, p = 0.0000$).

State Governance Structure

Another potentially important state-level variable, one which can be thought of as a policy lever available to affect the behavior and outcomes of the system, is state higher education governance structure. There are two basic structural forms for state-level governance of higher education. One is the state *coordinating board* form, where the board has responsibilities as the name implies: data collection; planning and policy analysis for state policymakers on issues that cross institutional boundaries; usually (but not always) a role in program review, especially of new programs proposed by public institutions; sometimes a substantial advisory role in state budgetary decisions for higher education; but no direct role in managing institutions. The second board type is the consolidated (or statewide) *governing board,* which has line responsibility for managing all the state's public institutions, or in some cases, just the public four-year institutions. The governing board may also be charged with broader responsibilities for higher education planning and the like, or yet another agency may be created for this purpose. A few states have neither of the major types of governance agencies but only an advisory planning body, and a few others have one of various hybridized forms [31].

It has been proposed by scholars of higher education that consolidated governing board arrangements for state-level governance, because of their primary focus on the public sector, make it more difficult for the private sector to be taken seriously in state higher education policymaking than is the case under a coordinating board regime [4, 18, 35, 59]. Concerns about the statewide governing board form could also arise out of worries about excessive bureaucratization [35] and from the argument made in the political economy literature that cartel-like arrangements for organizing the delivery of public services—consolidated governing boards in higher education function in some respects like cartels—make it likely public policy decisions will tend to favor "producer" interests at the expense of the public interest and will tend to involve higher levels of public spending.[58]

Although state higher education governance structures lend themselves to many classifications [3, 31, 35], here I will consider only the two most common forms:[59] the regulatory coordinating board instances, where the board has approval authority over new programs proposed by public institutions, and the consolidated governing board cases, where there is no additional planning agency for higher education. Nineteen states fell into each of these categories in 1987 [31].

The data on state policy outputs regarding policies that affect private higher education suggest that these two major types of state governance structures tend to behave differently, as hypothesized. The regulatory coordinating board states tend to have policies that are more favorable to the private sector of higher education. In particular, the regulatory coordinating board states spend on average almost twice as much per student on student aid as the consolidated governing board states ($173 vs. $91). Thirteen of the 19 states with such coordinating boards (68%) have programs that provide state funds directly to private institutions, whereas only 5 of the 19 states with consolidated governing boards (26%) have such programs. Also, the coordinating board states are more likely to be in the high and moderate categories in terms of the level of tuition in the public higher education sector and much less likely (16% vs. 42%) to be in the low-tuition category than are the governing board states. And, according to reports by state higher education agency executives on the ECS survey, the private sector in the coordinating board states tends to be more extensively involved in state planning for higher education.

Significantly, an analogous pattern of differences appears between these two groups of states with respect to per capita state and local spending on higher education. The states with regulatory coordinating boards spend significantly less ($235 on average, median = $234) than the governing board states (mean = $274, median = $269). That this is not simply a product of the typically smaller market share of the private sector in the governing board states is suggested by, first, the fact that the average difference on this variable is small (24.1% mean market share for the private sector in the coordinating board states versus 21.2% in the governing board states), and more significantly, by multiple regression analysis results. In regressions of the total per capita state/local higher education spending variable on private sector market share and various formulations of the state higher governance structure variable, the regulatory coordinating board structure does seem to be associated with lower per capita spending, after the effect of private market share is accounted for.[60]

Finally, it is notable that the states with governing boards can least afford their generally higher spending on higher education. Their personal income per capita averaged just $13,783, compared to the national figure of $14,758 and to $15,110 for the states with regulatory coordinating boards. The governing board states were also spending more of their income on state and local government (higher "tax effort") than were the coordinating board states, by 17.4% to 15.4%. Thus state higher education governance structures appear to be related not only to policies that affect the private sector, but also to total tax-payer spending on higher education. Unlike some other variables, state governance structure can be addressed directly by policy.

Correlates of State Policy Postures

Because I have argued here that thinking of states' policies toward private higher education as linked in understandable ways makes both normative and empirical sense, it is important to explore how the state policy posture categories described earlier relate to state characteristics and to other state variables of interest, such as state governance structure, overall participation rates in higher education and state spending on higher education overall and per student in public institutions. This analysis will help in the subsequent effort to think about the design of viable and effective policies for different types of states. The analysis has two phases. First, the highlights of the differences between the state policy clusters in terms of central tendency and distributions on the key state-level variables will be described and interpreted. Then, some exploratory results will be summarized of multiple discriminant analyses designed to see how distinct the clusters are in terms of these variables and which variables are most strongly associated with particular policy postures after appropriate controls for the effects of the other variables.[61] Table 10 shows the mean and standard deviation for each of the continuous state-level variables for all six policy posture clusters. Table 11 depicts the distributions of each cluster on the two categorical variables, region and state higher education governance structure.[62] The laissez-faire states are all in the Plains, the West, or in a few cases the South, a geographic pattern that is not surprising in light of the earlier discussion. Also as expected, the laissez-faire states tend strongly toward the consolidated governing board model of state governance. They have the lowest mean private sector market share and state wealth of any policy cluster but as a group make the *highest mean tax effort.* The net effect is well above average taxpayer spending on higher education in these relatively penurious states.

Significantly, though mean population growth in the laissez-faire states was the most rapid of any policy cluster, the mean private sector enrollment growth rate was below average (though highly variable). The mean higher education participation rate in the laissez-faire states was very close to the 47-state figure, and the indicator of quality in public colleges and universities (spending per student) was somewhat below the national (47-state) norm in spite of these states' high tax effort. These patterns suggest that the laissez-faire states are working very hard to stay not quite even in terms of higher education participation and quality, while their private institutions are getting little state help—which is not surprising given the limited size and thus probable influence of their private sectors and the predominance of state governance structures that have a built-in tendency to overlook the private sector—and are generally not doing particularly well in enrollments in spite of favorable population trends. Thus, these institutions are not helping the state bear its burdens in higher education as much as they might. Yet, higher education burdens in most of these states will be heavy indeed in the coming decade (see Figure 1).

The 4 states with a mix of laissez-faire and market-competitive policies are quite different on most dimensions from the laissez-faire states. Not only is their regional distribution and mode of state governance of higher education notably different from the laissez-faire states, they are not far from average in wealth and private market share, whereas the laissez-faire states are lowest of all the clusters on these measures. As a group they are identical to the laissez-faire states in tax effort (high). Thus, it is not surprising that mean spending on higher education per capita and public institution spending per student are the highest of any cluster. Recent enrollment growth in the private sector has been on average the most rapid of any cluster, although population growth in these states averaged well below the national norm. Overall higher education participation is a bit below average.

TABLE 10

Distribution of State Policy Posture Clusters on State Characteristics Variables

	Total Population (47 states)	Laissez-faire Cluster (*N* = 13)	LF/MF Hybrid (*N* = 4)	Market-competitive Cluster (*N* = 8)	CP/MC Hybrid (*N* = 14)	Central-planning Cluster (*N* = 5)	Unclassifiable States (*N* = 3)
Variable: Pvt. enrollment share							
Mean	22.6%	14.0%	23.3%	26.5%	30.3%	21.1%	15.0%
Std. Dev.	13.5	10.5	14.6	16.6	13.4	5.1	0.9
Variable: State wealth (pers. income per cap.)							
Mean	$14,624	$12,988	$14,346	$15,035	$15,130	$16,909	$14,813
Std. Dev.	2,478	1,834	1,893	1,302	2,851	2,425	3,468
Variable: State tax effort (Gen. rev./PI)							
Mean	16.2%	16.9%	16.9%	15.8%	15.8%	15.5%	16.3%
Std. Dev.	1.9	2.1	1.6	1.5	2.3	1.7	0.3
Variable: State pop. growth rate, 1980–88							
Mean	8.2%	10.8%	6.0%	10.6%	4.2%	9.5%	9.4%
Std. Dev.	7.9	9.8	4.8	7.2	4.1	9.9	12.0
Variable: Pvt. hi. ed. growth rate (1982–88)							
Mean	6.8%	4.7%	11.3%	8.1%	8.9%	3.9%	1.6%
Std. Dev.	21.0	36.7	8.5	10.0	11.3	15.6	9.2
Variable: St/local spdng. on hi. ed. per cap.							
Mean	$259	$276	$315	$259	$240	$228	$262
Std. Dev.	66	64	72	61	66	64	64
Variable: Adult particptn. rate in hi. ed.							
Mean	6.46%	6.44%	6.35%	6.85%	6.25%	6.36%	6.84%
Std. Dev.	1.36	1.73	1.45	1.47	1.01	1.31	1.55
Variable: Public hi. ed. quality ($per stud.)							
Mean	$6,979	$6,816	$8,232	$7,017	$7,381	$5,700	$6,166
Std. Dev.	1,324	1,461	1,374	730	1,285	1,015	686

Sources: [1, 53].
NOTE: For reasons explained in the text, Alaska, District of Columbia, Maine, and Wyoming are excluded.

TABLE 11

State Policy Posture Clusters by Region and by State's Higher Education Governance Structure

Region	Laissez-faire Cluster	LF/MF Hybrid Cluster	Market-competitive Cluster	CP/MC Hybrid Cluster	Central-planning Cluster	Unclassifiable
Northeast	0	2	2	4	2	0
Midwest	0	0	2	5	1	0
South	2	1	3	5	1	1
Plains	4	1	0	0	0	0
West	7	0	1	0	1	2
Total (states)	13	4	8	14	5	3

State Higher Education Governance Structure	Laissez-faire Cluster	LF/MC Hybrid Cluster	Market-competitive Cluster	MC/CP Hybrid Cluster	Central-planning Cluster	Unclassifiable
Statewide governing board	10	0	4	2	0	1
Regulatory coordinating board	1	1	2	11	3	1
Other[a]	2	3	2	1	2	1
Total (states)	13	4	8	14	5	3

Source: Analysis by the author based upon data from [66].
Note: For reasons explained in the text, Alaska, District of Columbia, Maine and Wyoming are excluded.
[a] Includes states with planning agency (4) or advisory coordinating board (4) only and states with a statewide governing board plus a planning agency (3).

It is difficult to generalize from four cases, but perhaps the less unfavorable policy mix combined with reasonable population growth helps account for the private sector's healthy growth in these states in comparison to the pure laissez-faire states, while the combination of high wealth and high tax effort has led to high levels of spending on public higher education. The significant private sectors in the hybrid states, but limited programs involving them, suggest that there may be opportunities for policymakers to induce these sectors to serve their states even more than they have been, particularly if population growth continues as expected.[63]

At the other extreme from the laissez-faire policy posture are the 5 central-planning states. Only 1 of these (Oregon) is west of the Mississippi, and 1 (Florida) is in the South. The others are in the Northeast and Midwest, as expected. Three have the regulatory coordinating board form of state governance, while the other two have one of the less common forms. As expected, none are governing board states. These states as a group are a little below average in private sector share of enrollment. They are by a good margin the wealthiest group of states on average and presumably for that reason are able to make the lowest tax effort. Interestingly, their mean spending on higher education per capita is the *lowest* of any group, which is reflected in their having the lowest average spending per student in the public sector. Their overall participation rate in higher education is a bit below average. Population growth in these states has been above average, but the mean enrollment growth rate for private institutions has been well *below* the national (47-state) figure, though quite variable. Thus, this group of central-planning-oriented states heavily manages its higher education system but has been spending relatively little on it and does not seem to have been getting particularly impressive results in terms of quality, access, or private-sector growth as a result. Yet, all 5 of these states are expected to face increases in numbers of high-school graduates in this decade (in Florida, Maryland, and Oregon the increases will be large) and thus might be well served by policies that encourage more growth in the private sector.

The 8 market-competitive states are fairly well spread out regionally, though Colorado is the only one from the Plains or West regions. Interestingly, 4 of these states have statewide governing boards, 2 have regulatory coordinating boards, and 2 have one of the other governance forms. The states in the market-competitive cluster tend to have relatively high private sector market share, as might be expected. These states are slightly above average in wealth but somewhat (7%) below average in tax effort (second-lowest among the policy clusters). Overall per capita spending on higher education is essentially identical to the national figure and spending per student in the public sector is also little different from the norm.

Significantly, the mean participation rate in higher education in the market-competitive states is the *highest among all six policy clusters* (although there is not a great deal of range across the clusters in mean values on this variable). Enrollment growth in private higher education in these states averaged nearly 24% above the 47-state figure, probably in part a function of the fact that their population growth was on average even further above (29%) the national norm. Still, it is entirely plausible that the market-competitive policy regime plays a role in leading to this rather salutary combination of "outcomes": a high participation rate in higher education and healthy growth in the private sector combined with average levels of spending on public sector students and on higher education overall, all achieved with below-average tax effort and only slightly above-average wealth.

The central planning/market-competitive hybrid policy cluster is large (14 states). These states are all in the Midwest, Northeast, or South. Eleven of them have a regulatory coordinating board governance arrangement at the state level, while 2 have a consolidated governing board, and 1 state has one of the other forms. These states have the highest mean private enrollment share of any cluster (30.3%). They are as a group above average in wealth, but only by about 3% and with a fairly high variance around the mean. They tend to be below average in state tax effort (7% below the national figure), but not as low as either the pure market-competitive or pure central-planning states. Their mean per capita spending on higher education is below average (by almost 8%), but spending per student in the public sector is above average. However, the mean higher education participation rate for these states is the *lowest* among all six policy clusters, although still less than 4% below the 47-state norm. This group of states had the lowest mean population growth rate over the years 1980–88, just a little more than half the national norm, but nonetheless had the second-highest growth rate of private collegiate enrollments (36% greater than the national norm).

In sum, the pattern here is most similar to that of the pure market-competitive states: modest spending on higher education overall, but still more-than-average spending per student in the public sector, and healthy enrollment growth in the private sector. The main difference is that the pure market-competitive states as a group lead all the other policy clusters in overall higher education participation, whereas the central-planning/market-competitive hybrid states are lowest of the clusters on this measure. Still, the difference is not large: 6.85% compared to 6.25% of the over-17 population enrolled.

Thus, at least at the level of within-group regularities, the market-competitive policy cluster and its cousin, the market-competitive/central-planning hybrid, seem to be associated with a more cost-effective set of policy outcomes than the laissez-faire-oriented policy clusters. In particular, the laissez-faire states, although they are generally poorer, tend to spend more on higher education per capita and to make a substantially higher tax effort overall, yet evidently do not realize higher than average participation rates in higher education as a result. In the case of the laissez-faire cluster, (though not the small laissez-faire/market-competitive hybrid), quality, as measured by spending per student in the public sector, is also below average in spite of the heavy fiscal effort expended. Probably not coincidentally, in light of their policies, recent private enrollment growth in these states was below average even though population growth was strong. Meanwhile, the market-competitive cluster of states boasted the most attractive set of outcomes: strong private sector enrollment growth and a high overall participation rate in higher education, average levels of spending on public sector students, and average spending on higher education overall, all achieved with below average tax effort and only slightly above average wealth.

Discriminating Power of Individual Variables

Multiple discriminant analysis was used as a means to try to identify the unique relationship between a state's membership in its policy cluster and its characteristics in terms of each of the several state-level variables just discussed. This section presents a brief summary of the results of this analysis.[64]

The six-cluster taxonomy of the 47 states' policy postures toward private higher education is modeled as a function of the following state-level variables:[65]

- private-sector share of state higher education enrollment;
- state personal income per capita (state wealth);
- state and local tax and other general revenue collected as a percentage of personal income (state tax effort);
- state and local spending on higher education per capita;
- spending per student in public higher education (public sector quality);
- overall (public and private) enrollment in higher education as a share of state population over 17 (participation rate);
- state population growth, 1980–88 (census estimates);
- enrollment growth rate in state's private institutions, 1982–88;[66]
- state governance structure, as represented by dummy variables for the two dominant forms, statewide governing board with 17 cases among the 47 states, and regulatory coordinating board with 19; the excluded case is three miscellaneous other governance forms that together account for 11 states (see footnote to Table 11).

Following the basic sequential logic of the multiple discriminant analysis procedure, the analytic approach was to seek to discriminate using these variables between meaningful groupings of states composed from the six policy posture clusters. Thus, optimal discriminant functions were successfully estimated to distinguish between, first, the 3 unclassified states and the rest, and then between the 4 somewhat anomalous laissez-faire/market-competitive hybrid states and the remaining 40 states.[67] The same procedure was then used to estimate functions that discriminate between the 13 laissez-faire states and the 27 states that fall into the central-planning, market-competitive, and central-planning/market-competitive hybrid clusters. Next, the 5 central-planning states were distinguished from the 22 market-competitive and central-planning/market-competitive hybrid states. Finally, the optimal function discriminating the 8 market-competitive states from the 14 hybrid states was estimated. In all cases the discriminant functions based upon the above explanatory variables were significant at better than the 0.005 level and classified between 80% and 90% of the states into the correct policy cluster. This indicates that the combinations of policies that are the basis for the cluster constructs and these state characteristic and policy outcome variables as a group are indeed related, a key validation of the basic line of analysis advanced here.

As for the strength of the individual state-level variables in distinguishing among the policy clusters, certain region dummies, private sector enrollment share, and the consolidated governing board form of statewide governance of higher education were found to have a statistically significant role individually in discriminating between the laissez-faire states and the "augmented cluster" of states consisting of the central-planning, market-competitive and central-planning/market competitive hybrid states.[68] In addition, the coefficients on state wealth, private sector enrollment growth and the regulatory coordinating board form of statewide governance had the expected signs (i.e., consistent with the bivariate relationships already described) and magnitudes at least approaching a significant contribution to the discriminant equation.

In discriminating between "pure" central-planning states on the one hand and the market-competitive and central-planning/market-competitive hybrids on the other, higher private sector enrollment share and public sector quality were both significantly associated with the latter grouping, again consistent with the central tendencies of the clusters absent any controls.[69] Finally, in distinguishing the pure market-competitive states from the central-planning/market-competitive hybrids, two variables were significantly associated with states' classifications: population growth rates tended to be higher in the pure market-competitive states, while the regulatory coordinating board governance structure was associated with the hybrid classification.[70]

Overall then, it seems fair to conclude that the multivariate analysis results are broadly consistent with those derived from the earlier examination of the patterns of central tendency in the characteristics of the states from the different policy clusters. While many of the bivariate relationships between the state-level variables and the states' classification into policy clusters do not emerge as statistically significant in the sequential multiple discriminant analysis just summarized—notably the relationships between classification as a laissez-faire state and (higher) state tax effort and state/local spending on higher education—the signs on the relationships are nearly all consistent with the bivariates, and no real surprises are apparent. The state policy posture clusters then are both conceptually plausible and at least suggestively linked empirically to a number of state characteristics that help in understanding the probable origins of these policy combinations. Taken as a whole these results, together with the correlation and regression results advanced earlier, also provide an improved basis for policy analysis concerning the relationships between state policies and such high-priority concerns as overall higher education participation, public sector quality and total taxpayer spending on higher education.

Conclusions and Implications for Policy Design

The empirical results reported here, though not fully definitive statistically, strongly suggest several important conclusions. First, it has been shown clearly that states' policies that affect private higher education are not random but rather are systematically linked. States with higher student aid spending are significantly more likely to have programs that provide state funds directly to private colleges and universities, to have higher public sector tuition levels, to involve independent institutions in state planning, to have more mandates and regulations affecting private colleges, and so on. Second, it is possible to characterize most states' policy postures (made up of these policies) toward private higher education in terms of a few theoretically and intuitively plausible categories—the laissez-faire, central-planning and market competitive constructs plus two hybrids of these—and to relate these systematically (although in some cases the individual relationships fall, short of statistical significance) to both state characteristics and indicators of policy results in ways that are consistent with theory. This leads to some potentially significant, albeit tentative, policy implications.

First, we find that states which take a standoffish or laissez-faire attitude toward private higher education (low student aid spending, no direct fiscal linkages to private institutions, low public sector tuition, low involvement of the private sector in state planning, little concern for public/private programmatic competition, few mandates or regulations affecting the private sector) tend to be in the Plains and Western regions, to have relatively small private college and university sectors, to be generally low in wealth but high in tax effort and above average in per capita spending on higher education, and to employ the statewide governing board form of higher education governance. Not surprisingly, private institutions in these states tended to grow slowly during the 1980s, even though population growth was strong. Significantly, in many of these states population growth is expected to continue, thus creating growing demand for higher education.

Given this strong demand and the fact that even supporting their near-average levels of higher education spending and participation appears to be a financial burden on these low-wealth, high-tax-effort states, the policy implication is that they would do well to consider adopting more active policies to utilize their private higher education sectors more fully. The empirical analyses reported here are at least consistent with the plausible notion that state policies designed to level the playing field for the private sector—such as relatively generous portable student aid funding, competitive contracts and other direct fiscal linkages with private institutions where they have relevant capacity, and higher public institution tuition[71]—can in the long run reduce the aggregate need for taxpayer dollars for higher education by diverting some students from the public sector while boosting overall participation. This should be an attractive prospect indeed for policymakers in the generally poor, highly taxed laissez-faire states, if they can comprehend and articulate all the relevant linkages. One immediate policy step suggested by the analysis that might facilitate movement in this direction is to adopt state governance arrangements that have a less narrow, public-sector-only focus than is typical of the consolidated governing boards in most of these states.

Beyond this, the analysis has additional suggestive policy implications. The "pure" market-competitive policy posture is, at least in a bivariate correlational sense, associated with a generally salutary combination of state policy variables and characteristics. These states achieve the highest mean overall participation rate in higher education, a high growth rate in private sector enrollments, and average public sector "quality" (spending per student) with just average levels of per capita higher education spending and tax effort substantially below the national norm. Although causation has not been established, this set of policies is certainly plausibly associated with such results in light of the other findings reported here concerning associations between size of the private sector, policies broadly favorable to it, higher overall participation rates, and *lower* taxpayer spending on higher education.

Taken as a whole then, the findings suggest that steps in the market-competitive direction may be broadly desirable in state higher education policy. This would seem to be all the more true in an era when state dollars for higher education will be constrained while demands for student places will in many areas be growing substantially [65]. Where states are already at full capacity in their public systems, additional students will be costly to serve in this sector, because new capacity (buildings, permanent faculty, etc.) will have to be added. If student aid and other carefully designed incentives and other policies (e.g., appropriate regional planning, better consumer-oriented information for student choice of institutions) can lure some of these additional students into the independent sector at lower per student cost to the state, both participation and fiscal goals seem likely to be best served.

Nonetheless, the state postures analysis also suggests that not all states are likely to be readily oriented or reoriented toward the market-competitive constellation of policies. For historical cultural, or whatever reasons, some states appear to lean toward a more heavily regulatory or centrally planned approach. The five "pure" central-planning states are the wealthiest on average of any of the state policy clusters studied, but they spend relatively little on higher education (including on quality in the public sector), have had below average growth in the private sector, and not surprisingly, have below average participation in higher education overall.

The results reported here might suggest that these states look to adding more competitive elements to their policy mix, particularly in the face of the strong growth in enrollment demand that some of them face. They might thus follow in the path of the group of central-planning/market-competitive hybrid states identified in the empirical analysis. These latter states still have low overall higher education participation but had strong private sector enrollment growth in the

1980s and above average public-sector quality, all with below average tax effort and per capita spending on higher education. Such a hybrid (e.g., with central-planning elements such as strong and fairly directive direct aid programs, continued substantial mandates and regulation of the private sector, and tight controls over intersector competition) may be more politically feasible in states with a strong central-planning tradition than a dramatic move toward a more wide-open competitive approach would be. Policy designs need to be politically viable as well as attractive from a cost-effectiveness standpoint.

Additional research is needed using more refined measures and experimenting with alternative specifications of the state policy posture constructs, as well as tracking the relationships between state characteristics, policies, and indicators of outcomes over time, to pinpoint more definitively the relationships at work in this area of state policies that affect private higher education. Also, finely tuned analyses, probably largely state-by-state due to widely varying circumstances and politics, will be needed to establish the precise relationships between the cost of state policies benefiting the private sector, such as student and institutional aid programs, and likely savings from reduced pressure on public higher education capacity. These analyses should be aided, however, by the conceptual framework offered here, because it helps to distinguish relevant basic differences among states, including differences in key external conditions and factors that affect political calculations. The present analysis also points toward other policy levers with little direct dollar cost, such as policies affecting public institution tuition levels, information policies, and arrangements for state governance of higher education.

States will do well to give careful attention to policies affecting private higher education and their costs and benefits to the taxpayer, for in the emerging era the watchword in higher education policy will be serving more demands with very tightly constrained tax dollars.

Notes

1. Three states' policies are unclassifiable into any of the categories and so form a residual category.
2. Japan is an interesting exception. See [19].
3. The figures are from [16].
4. However, if two-year institutions are excluded, the private nonprofit sector share of enrollments nationwide rises to 29%. These private nonprofit sector "market share" figures were calculated by the author with the help of Penelope Karovsky from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS) data base, appropriately scrubbed to delete for-profit and subcollegiate institutions.
5. Nationwide, WICHE projects growth in high-school graduates between 1991–92 and 2001–02 of 19%, increasing to 34% by 2007–08 [58].
6. There are signs that the weak job market created by the recent recession reduced returns on investment for college graduates slightly [36], but there is good reason to believe that this is a short-run blip in a long-term upward trend in returns to investment in higher education [30].
7. For example, California, Florida, Virginia, and Washington all face strong pressures to expand their already full public higher education systems to accommodate huge increases in population [67]. Washington also seeks to increase its below average participation rate in upper-division and graduate education. Another large state, Pennsylvania, anticipates only modest increases in high-school graduates but has made increasing participation in higher education a major priority and therefore is greatly concerned about capacity constraints in its public sector. These cases are only illustrative, but they show that capacity constraints in the public higher education sector are not a problem limited to small states or the "Sunbelt."

8. The states are listed in the table in order of largest negative to largest positive change in private sector enrollment, 1980–1990, to highlight those with the most apparent slack capacity in this sector. The point is reinforced by recent (1993) survey data collected by the author directly from state representatives of private nonprofit colleges (state association executives). When asked about the number of additional students their institutions could enroll without major additional investment, respondents from 33 states indicated a mean figure of nearly 7,800 (median = 5,000) additional students, or an average of 13% above fall 1990 enrollments in these states' independent sectors. When asked how many students their institutions would be interested in enrolling, assuming adequate quality students and government-funded student aid were available, respondents from 31 states indicated a mean of about 9,500 additional students or about 21% above fall 1990 sector enrollment levels on average [60].
9. The comparative cost advantage of the private sector may disappear if public institutions also have excess capacity. Even so, funding arrangements for public institutions may not fully reflect such cost-reducing possibilities because they are often tied more closely to average than to marginal costs.
10. This is an annual survey, see [38].
11. The annual NASSGP survey reports [38] show that this range is very similar from year to year.
12. A similar, more recent survey by the author indicated that the number of states with such arrangements had increased to 25 by 1993 [60]. In general, the data from the more recent survey showed few changes from the 1988 results, although there was evidence of a slightly increased level of state involvement with private colleges and universities overall.
13. An anonymous referee points out that there may be other reasons for state allocation decisions between public and private sector alternatives. This is no doubt true, but the fact that policymakers can take cost-effectiveness considerations into account among real alternatives is in itself significant, and it is not unreasonable to think that they often do so in an era of constrained resources.
14. Private sector representatives responding to the ECS survey ranked this area of state policy second in importance to them behind only state student aid policies [62].
15. A 1993 survey by Zumeta [60] shows very similar results on this point.
16. As indicated earlier, these state rankings tend to change little from year to year.
17. The assumption is that the level of tuition in public higher education is subject to substantial state influence, albeit often not to direct state control [25].
18. For examples in other policy fields, see [15, 29, 49].
19. The discussion that follows summarizes pertinent findings reported in [64] in addition to presenting some related new findings.
20. $R = 0.43$ ($p < 0.01$). For those who may object to using the three-category public tuition level variable in a correlation analysis, the relationship can also be conveyed by comparing the mean of the high-tuition states, \$199 per student, to the means of the moderate- (\$109) and low-tuition (\$75) states. The difference between the high- and moderate-tuition states' means is significant at the 95% confidence level. To be sure that the relationship between public tuition level and state student aid spending was not simply the product of the probable link between public tuition levels and state student aid to *public* sector students, a variable representing need-based state aid to *private* institution undergraduates (systematic data on *non*-need-based aid by sector do not exist) per private sector undergraduate enrollment in the state was regressed on the state's public higher education tuition level classification. A significant positive relationship was found ($r = 0.32$, $p < 0.05$), indicating that state policies toward public tuition and student aid funding for students in *private* institutions are indeed associated.
21. A chi-square test showed a relationship between public tuition level and presence of direct funding significant at better than the 0.05 level, but the relationship between public

tuition level and private sector involvement in state planning did not reach customary levels of statistical significance.

22. However, the final state policy variable—exclusion/inclusion of duplication of private institutions' programs as a criterion in reviews of new program proposals from public institutions—was found to be essentially unrelated to public higher education tuition level.
23. Moreover, although the differences are not large enough to reach statistical significance, states with programs providing funds directly to private colleges and universities also tend to report more extensive private sector involvement in state higher education planning than do states without such programs; similarly, states with such programs are more likely than states without them to use duplication of private sector programs as a criterion in state reviews of new public college programs (76% versus 58%).
24. For the roots of the latter two constructs, see [8, 46].
25. I will later develop the argument that such spending may in fact be qualitatively different in that it seems to offset other forms of higher education spending.
26. Whether or not this is always true is another question [48].
27. For example, nonsectarian and Roman Catholic institutions in general tend to be less standoffish toward involvement with the state than are conservative Protestant ones.
28. Of course, many "in-between" configurations and even wholly different postures are also logically possible, not to mention ad hoc, inconsistent patterns of policymaking that do not fit the idea of a policy "posture" at all. Empirical results relevant to this issue are reported in the next section.
29. Involvement of private sector representatives in state planning processes (state board membership, involvement in issue task forces, etc.) would be expected to make such developments more likely.
30. For a fuller description see [46]. Several states have recently initiated on a limited basis "performance contracting" or incentive arrangements with their public institutions that resemble these ideas. See [21, 42].
31. On the theory of desirable redundancy in public policy, however, see [2, 24]. Also, in higher education programs with similar names may have different foci and serve different types of students.
32. Recent federal legislation, including the 1992 reauthorization of the Higher Education Act, has emphasized increased quantity and quality of consumer information to include data on student and institutional performance. States have a key role in enforcing this new policy thrust [17].
33. For purposes of the cluster analysis, student aid effort was converted to a categorical variable (like the other policy variables) by dividing the distribution of states on this variable at a natural break point in the data, in this case just below the 48-state median value.
34. Compared to the four-cluster analysis, in the three-cluster version clusters one and two are combined, and the distinction between cluster three and the Florida-only cluster four survives, while in the five-cluster version cluster three is subdivided to create the fifth cluster.
35. Note that the column at the right under each policy cluster shows each state's positioning in the initial hierarchical cluster analysis.
36. For this analysis five regions were defined as follows: *Northeast*—Connecticut, Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont (District of Columbia and Maine were excluded for reasons indicated earlier); *Midwest*—Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin; *South*—Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia, West Virginia; *Plains*—Kansas, Nebraska, North Dakota, Oklahoma, South Dakota; *West*—Alaska,

Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington. (Wyoming was excluded as indicated above.)

37. If the states in the central-planning/market-competitive hybrid cluster are also considered to be central-planning-oriented states, this adds four more Northeastern states, five Midwestern states and five from the South, but no Plains or Western states.
38. The central-planning/market-competitive hybrid cluster includes states with three of the four central-planning policies in place and at least four of the six market-competitive policies.
39. As a referee suggested, the relationship might be even stronger if it were possible to identify accurately original state-residency of students in order to take account of the impact of out-of-state residents on enrollments (in both private and public sectors). However, the data to do this were not available. Also, it should be noted that there is probably mutual causation at work in the relationship between private enrollment share and public policies. Private enrollment share may affect state policies and, in turn, policies would be expected to affect this sector's share of students. Time series data not now available would be required to adequately model the relationships causally.
40. The difference between the means falls just short of significance at the 0.05 level.
41. The difference between the first two group means is significant at the 0.05, level, and that between the latter two is significant at the 0.10 level.
42. Among the 46 states for which ECS survey data on private sector involvement in state higher education planning were available there was a perfect downward progression in terms of both mean and median private market share from the states reporting extensive private sector involvement (mean private share of 25.7%, median of 24.3%) down to the three states reporting no involvement (mean private share of 7.3%, median 10.5%).
43. To be precise, the data are association-reported budgets for 1988 or for the latest available year at the time of the ECS survey.
44. Not all these relationships are statistically significant, however. See [64] for details.
45. For earlier research supporting this view, see [32].
46. Although the difference is not large enough to reach statistical significance, the 21 states with such programs averaged about $1,000 more in personal income per capita (at both the mean and median) than the states without them.
47. On average, the states without such programs devoted 18.5% of their personal income to activities of state and local government (including higher education), compared to 15.5% for those with such programs ($p < 0.05$). The sign on the correlation coefficient between state tax effort and student aid grant spending is also negative but is not near statistical significance.
48. This statement applies most clearly to state spending on student aid and on programs that provide state funds to independent institutions for other purposes. But tuition policies are another matter. Interestingly, the low-public-tuition states also tend to be low-wealth and high-tax-effort states, which suggests the possibility of their increasing public college tuition as a device for at once aiding the private sector and enhancing state (or public institution) revenue for expansion. Absent increased funding for student aid, however, such a step might impede access to higher education significantly in a low-wealth state. Recently, serious discussion of "high tuition/high aid" strategies for financing higher education has resumed [33, 57, 65] after years of little interest.
49. This relative cost-effectiveness argument is of course less strong in states with slack capacity in their existing public institutions or little imminent increase in enrollment demand.
50. Local expenditures are included because in many states local tax funds pay for a substantial share of the costs of public community colleges.
51. The sign on the relationship between state spending on student aid grants and total state/local spending on higher education is also negative but not close to statistical significance. The weakness of this relationship may be the result of the fact that the

student aid spending variable includes substantial (and highly variable from state to state) spending on aid to public college students and is thus an imperfect indicator of policy benefiting the private sector.

52. To see if the modest positive relationship between private market share and presence of state direct payments to independent institutions might be distorting the apparent relationship between the latter and total per capita public spending on higher education, the latter variable was regressed on private market share separately for the states with direct payments to independent institutions and those without such programs. In both analyses the coefficient on private market share was negative and significant. The coeffients were well within one standard deviation of each other, implying that the inverse relationship between the presence of direct state payments to private institutions and total state higher education spending is bona fide.
53. "The national (48-state) figure for these expenditures in 1987–88 was $262 per capita (median = $259).
54. A population of about 250 million divided by 50 states yields 5 million people per state.
55. Twelve explanatory variables were employed in this analysis. Of these only two, state tax effort and private sector enrollment share, showed a significant relationship to the dependent variable when all variables were included. The other variables included in the analysis were state wealth, estimated state population growth 1980–88, student aid grants per undergraduate, absence/presence of programs providing direct state funds to private institutions, two dummy variables for state governance arrangements for higher education (coordinating board and governing board, the base case being some other form of statewide governance), and four dummy variables for region of the country (Northeast, Midwest, South and West, the base case being the Plains region).
56. The F-value for the equation is 4.68 ($p < 0.0001$), with 38 degrees of freedom.
57. The same cannot be said of the state student aid effort variable but, as was pointed out earlier, this measure is an imperfect indicator of policies favorable to the private sector because the share of these funds received by students attending private institutions varies widely from state to state.
58. For related arguments and evidence in relation to education and higher education, see [22, 48, 50].
59. The less common and hybrid forms seem to have little discernible relationship to state policies affecting private higher education [64].
60. When only the 38 states employing one of the two dominant governance forms were compared, controlling for private market share, the regression coefficient showed higher education spending to be lower by $38 per capita in the regulatory coordinating board states (+ or –$18, $p < 0.10$). When all 51 states were examined using an additional dummy variable representing any other governance structure form (base case), the coordinating board states were found to be lower in per capita spending than the base states by $40 (+ or –$18, $p < 0.05$). The sign on the governing board variable was positive as expected, but their spending level was not significantly higher than that of the base states.
61. These analyses were limited to 47 states because Wyoming has no private colleges, some of the necessary data were not available for Maine and the District of Columbia, and Alaska has values on many of the state characteristics variables, e.g., state wealth and tax effort, that are extreme outliers.
62. Refer to Table 8 for a fist of the states in each policy cluster.
63. Among the four states in this policy cluster, the proportion of higher education enrollments in private nonprofit institutions is around 15% in Delaware, Kentucky, and Nebraska and above 40% in Vermont. Figure 1 indicates that 3 of the 4 states in this cluster anticipate growth in high-school graduates over the decade shown of more than 20%, while Kentucky expects about 11%.
64. For a complete report of the discriminant analysis results, see [61].

65. In one version of the analysis, dummy variables for region were added. These results were generally little different from those reported here.
66. The periods used for state population growth and private sector enrollment growth do not coincide, because comparable data for the same time periods were not available at the time of the analysis.
67. These functions were successfully estimated in that a discriminant function drawn from the above variables successfully classified a large majority of the states into one of the two initial groupings in each case, and the *F*-value for the function was statistically significant at the 0.05 level or better.
68. In particular, the laissez-faire states had significantly smaller private sector shares of enrollment and were significantly more likely to have the consolidated governing board form of governance, consistent with expectations and with the bivariate relationships.
69. Among the other state-level variables, only higher state wealth showed a nontrivial link to a state's classification in the central-planning cluster rather than the market-competitive + central-planning/market-competitive hybrid "supercluster," but the correlation fell well short of significance.
70. In addition, three other variables showed *F*-values that were nontrivial but still well below the level required to enter the discriminant function. These were: private market share and overall participation in higher education, which tended to be higher in the pure market-competitive states; and private enrollment growth, which tended to be higher in the hybrid states.
71. Higher public institution tuition should ideally be combined with a substantial increase in need-based aid to preserve access for lower-income students. Under such an arrangement, the state (or public institutions) should still realize net gains in revenue from higher tuition payments from non-needy, upper-income students, while private institutions should gain some competitive advantage in competing for both needy and non-needy students and thereby relieve the state of some of the burdens of financing enrollment growth in public institutions.

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Native American Colleges

PAUL BOYER

The Founding of Tribal Colleges

In 1911, an Indian named August Breuninger proposed the creation of an Indian university that would focus on Native American culture and be connected to an Indian museum.[1] In a letter outlining his proposal, Breuninger argued that such an institution would both create opportunity for Indians and demonstrate the vitality of Indian culture:

> A University for Indians is the greatest step that we educated Indians could make in uniting our people. It would eliminate the general conception—that an Indian consists of only feathers and paint. It would single us out—as REALLY PROGRESSIVE INDIANS. It would give us a better influence with the rising generation, by setting out our character in such a conspicuous manner as to be . . . observed and imitated by them.[2]

Advocates of an Indian-controlled college were not looking to retreat from the modern world; rather, they hoped higher education would allow Indians to participate fully in American society. It was not surprising, however, that strict assimilationists of the period opposed such efforts. Richard Pratt, for example, believed Indian-controlled education would work against their integration into American society. As founder of the Carlisle Indian School, he reflected some of the most enlightened thinking of the time, yet he firmly held that Indian culture was, by definition, a hindrance to advancement.

Against this prevailing attitude, proposals for native colleges continued to be made periodically for another half century, but with little result. The early enthusiasm of colonists and missionaries who tried to establish colleges for Indians disappeared. Instead, attention shifted to training for vocational occupations, with little expectation that students would proceed further.

Opportunities for Indians did exist, but were limited. Prior to World War II, some boarding schools provided college preparatory instruction and after release of the Meriam Report a growing number of universities and colleges offered scholarships to Indian students. Several federal loan programs were also established.[3]

However, overwhelming barriers remained in place. Poor preparation and high dropout rates in earlier grades kept Indians from college, cultural differences remained unaddressed, and only a limited number of loans and scholarships were offered. In addition, Indian students were often discouraged from attending college by their own teachers who inspired by misguided kindness or overt racism, did not want to see their students enter the more rigorous life of higher education where, in their view, failure was likely.[4]

By the start of World War II, many tribes had yet to see any of their members earn a college degree. There were Native Americans who had achieved at the highest level, becoming doctors, theologians, politicians, and national education leaders, but their numbers were disproportionately small.[5] A few years of formal education—under the watchful eye of the federal government or church groups—was all that was available, or expected, for most Native Americans.

After World War II, however, two key events came together and led, in 1968, to the founding of the first tribal college. There was a dramatic shift in the federal government's Indian policy, first to "termination" then to "self-determination." Termination made many Indian leaders aware of their vulnerability to government capriciousness, while self-determination gave them resources needed to create their own institutions and define their own policies.

From Termination to Self-Determination

By the mid-1940s, the reformist energy of the New Deal was lost and, suddenly, Congress began talking about getting out of the "Indian business." A new policy of termination was promoted that would eliminate reservations by parceling out the land to individual tribal members and shift many Indian programs to the states. Free to keep or sell land once held in trust, Indians would no longer be wards of the federal government and would become—politically at least—indistinguishable from all other Americans.

Advocates of termination argued that they were not abandoning Indians, but were setting them free. Ironically, they cited the heroism of Indian GIs, explaining that their contribution in wartime should be rewarded with "emancipation" from reservation life and BIA interference. Some even compared reservations to concentration camps.[6]

By the early 1950s opposition to termination increased and, most tribes slated for termination never were. But for those removed from the list of federally recognized tribes, the impact was devastating. Ada Deer, a Mennominee, called her tribe's termination "a cultural, economic, and political disaster." She continued:

> It is going to take several more generations for the people in my tribe to recover from the damage that was done during termination. The hospital and the roads were closed. Our land became subject to taxation. A whole new county, Wisconsin's poorest county, was created as a result of this.[7]

Washington quickly retreated from immediate termination and devised plans that would more gently prepare reservations for termination through economic development. Yet most of these programs were clumsy, ineffective, and sometimes even harmful.

Industries were offered incentives to relocate onto reservations, but few did. Meanwhile a massive human relocation program moved some 125,000 unemployed Indians from reservations to large urban centers. The promises were expansive—good housing, education, a good job, and prosperity—but the reality was devastating. Job training was inadequate, economic conditions were poor, and little was done to address the isolation and discrimination the transplanted Indians endured. Finding little support, many Indians simply went back home; relocatees returned at the rate of 30 percent in the first three months of placement.[8]

Out of the wreckage of termination, a new policy emerged calling for greater Indian self-determination. In a Special Message called "The Forgotten American," President Johnson declared in 1968 that the federal government must now be committed to "a policy of maximum choice for the American Indian: a policy expressed in programs of self-help, self-development, self-determination."[9] President Nixon carried the policy through the early 1970s and it has been endorsed by every administration since.[10]

Self-determination has not eliminated federal responsibility to American Indians. Indeed, it brought a renewed commitment to Indians. According to a 1968 Senate Concurrent Resolution, Congress pledged to support "a policy of developing the necessary programs and services to bring Indian and Alaskan natives to a desirable social and economic level of fully participating citizens." This policy became law in 1975 with the Self-Determination Act, which funded technical training, BIA staff support, and required the government to contract federal programs to tribes wanting to assume greater control.

While many termination-era programs were abandoned, new ones took their place. And, of special importance, existing appropriations for a wide range of Great Society programs, such as Manpower Development Training, Head Start, and Area Redevelopment, were made available to Indian communities. Native Americans became constituents of all federal departments and no longer relied exclusively on the Bureau of Indian Affairs.[11]

For tribes, these changes offered new opportunities, but they also required new skills. The machinations of the federal bureaucracy had to be learned. New programs had to be administered and accounted for. The expertise of lawyers, lobbyists, and grant writers became necessary. Suddenly, much more was expected of tribes, and much more money was at stake.

The Need for Higher Education

The value of higher education became clear to many American Indian leaders in this new era of self-determination. A college degree did not have to be synonymous with assimilation. Now it could be used to strengthen reservations and tribal culture. This belief that higher education could serve the practical needs of a tribe was the second ingredient necessary for the founding of the tribal college.

It also reflected the changing status of higher education in the nation as a whole. After World War II, the GI Bill encouraged millions of returning soldiers to enroll in college and America's campuses swelled with first-generation students. Passage of the Higher Education Act in 1965 made a college education even more accessible by providing aid to students and developing institutions. In 1870, colleges and universities enrolled 50,000 students; by 1960 3.5 million attended—and that figure would double in a decade. The American college was now seen as an inclusive, not exclusive, institution.

As higher education became more accessible, it also became more desirable, and even necessary. No longer a kind of finishing school for the elite, it was now an essential path to employment in many fields. Training for nearly all of the professions took place in colleges and universities, of course. But vocational and technical training was also being offered in the growing number of community colleges which, according to education historian Frederick Rudolph, "were answering an insistent demand for the collegiate experience."[12] Increasingly, the absence of the college degree meant limited opportunity.

This new mood of opportunity through education was also felt in American Indian communities. Perhaps even more than the average soldier, Indian GIs went home with new expectations. Having fought for the nation and experienced life beyond reservation boundaries, they were, according to Indian educator Wayne Stein, "less inclined to endure overt or covert racism, wanted greater freedom from the authoritarian interference of the Bureau of Indian Affairs in their daily lives, and wanted educational opportunities for their children."[13]

But for many American Indian veterans, the transition was especially difficult. There is a whole body of literature describing the personal trauma these veterans faced back home. Despite their hope for a better future, they still experienced blatant racism and limited opportunity. Historian Peter Nabokov writes:

> Discrimination was something they fought overseas, but they had forgotten their second-class citizenship at home. In New Mexico and Arizona state law still did not allow Indians to vote. They could not take out GI loans. "Look," a veteran said, "I have a false eye, cheekbone, a silver plate in my head, but I can't buy liquor in a bar like any American."[14]

Termination policies deepened these psychological wounds and revealed the federal government's inability to create a coherent and responsible Indian policy. Although some tribal leaders at first testified in favor of termination, the policy faced uniform opposition as years passed and the consequences became clear. By its conclusion, many American Indian leaders were determined not to be victims again.

But the political, legal, and economic expertise necessary to defend against bad policy and injustice was in short supply. And the emergence of self-determination policies only accentuated the urgent need for an educated leadership. Tribes now set out to get it.

More opportunities for higher education were available through grants and scholarships, and more American Indians were earning college degrees, but numbers remained small after the war and throughout the termination era. In 1957, only about two thousand Indian students enrolled in colleges and universities.[15] Yet the number of college graduates was tiny. In 1961, for example, only sixty-six Indians graduated from a four-year institution.[16] While a growing number of students was enrolling in two-year colleges, and not pursuing a four-year degree, the great disparity in these figures reveals an unnaturally high rate of attrition.

In the postwar years, a number of tribes actively encouraged their members to enroll in college. The Navajo tribal council, for example, sponsored its own scholarship fund in 1957. But they, too, saw disappointing results. Half of the students who went off to college returned home by the end of their freshman year.[17]

Indian Control of Higher Education

It became clear to Indian leaders and educators that Native American students faced two barriers. First was the struggle to get into college. Second was the even greater struggle to successfully complete a degree once enrolled. Since the release of the Meriam Report, and especially since the GI Bill and the Higher Education Act, the federal government, as well as individual colleges and universities, had encouraged Indian students to enroll. But as more did, it became clear that access did not guarantee academic success. The dropout rate for American Indians remained at 90 percent or higher at many institutions. Estelle Fuchs and Robert J. Havinghurst estimated 75 percent attrition rate for students who entered a post-secondary institution in 1970.[18]

In this emerging era of self-determination, a growing number of Native American leaders decided to take action. On the Navajo reservation, especially, discussion of a tribally run college first began in the early 1960s. By 1968, with funding provided by the Office of Economic Opportunity, the tribe, and the Donner Foundation, the nation's first tribal college, Navajo Community College, was founded.[19] In turn, other tribal colleges quickly followed in California, North Dakota, and South Dakota. As a model, these tribes turned to America's community colleges. Their philosophy of open admission, job training, and community development closely matched the needs of reservations. According to Wayne Stein, community colleges and their tribal college counterparts have much in common. "Their differences lie in funding sources, jurisdiction, and cultural factors, not educational goals," he wrote.[20]

This does not mean, however, that tribal colleges tried to look and act like mainstream community colleges. Instead, the community college philosophy of local control and dedication to local needs allowed them to become uniquely Indian institutions. Their first loyalty was to the members and culture of their tribal nation, making them institutions of opportunity, not assimilation.

But neither were tribal colleges attempting to exist in isolation from American society. Rather, they sit at the fulcrum between the Indian and non-Indian world, making the western model of higher education accessible and useful to American Indian communities. Graduates leave with both a better understanding of their own cultures and the ability to take part in the larger American society. For the first time, they do not have to make the painful choice between one culture and the other.

Tribal colleges, like their communities, are constantly struggling to find the appropriate balance between the two worlds. Traditions will not be abandoned; indeed, most Native

Americans believe they must be nurtured. But most tribal leaders, and most members of the tribal college community, also agree that reservations cannot retreat from the dominant society. Phillip Deloria, then director of the American Indian Law Center, put the challenge this way:

> To refuse, in the name of cultural purity, to learn the skills of survival in the world as it exists is to perpetuate paternalism. It bases continued tribal existence, not on independence, but on the need for non-Indians to maintain a sterile buffer within which Indian culture can be shielded from the real world. All the while the non-Indian protectors continue to make the key decisions.[21]

In this way, tribal colleges have taken Indian societies full circle. From the first years of contact, European educators believed that they could bring opportunity to Native Americans. After centuries of effort, their promises seemed empty. Yet after just thirty years of effort, American Indians have created institutions that do bring educational opportunity—and hope—to their reservations.

An Overview of Tribal Colleges

Less than three decades after the first tribally controlled college was founded, the movement has grown to twenty-seven institutions across the country, and continues to grow. New colleges are still being created and enrollments continue to climb.

Every college is unique, reflecting the culture and economic needs of its reservation. Each has its own distinctive "feel." However, as institutions, the colleges have much in common. Even the newest colleges reflect the vision of the first institutions. They are all organized and funded in similar ways. Likewise, they share many common needs. While there is growing diversity among the colleges, it is still possible to summarize their administration, student body, and financial needs.

Governance

Tribal colleges are, in every case, chartered by one or more tribes and maintain a board of directors that is exclusively or predominately American Indian. Like a state university or public community college, they are formally sanctioned as the institutions of higher learning for their communities.

However, most tribal colleges try to keep an arm's length from their tribal governments, recognizing that administrative autonomy is necessary for both accreditation and their own stability. In some cases, colleges have created ways to insulate themselves from inappropriate interference. Turtle Mountain Community College, for example, has a two-board structure deliberately designed to insulate it from any inappropriate political influence. While the board of directors is responsible for college governance and policies, the board of trustees is responsible for broad oversight of the college's mission and acts to buffer the college from the tribal council. While college administrators admit that this system appears redundant, they say it works well.[1]

Some colleges have been unable to maintain sufficient autonomy. In a few cases, tribal councils are unwilling to give their college authority to shape and pursue their own policies. Too often at these institutions the president's office is a revolving door and the quality of instruction suffers. This is the exception, however, not the rule. On many reservations, the tribal college is the most stable and most politically independent institution. Even in communities where tribal chairmen come and go with alarming speed, and political scandals, large and small, are a way of life, the college remains strong.

Most college presidents are American Indian and turnover at most colleges is low. Among the twenty-seven tribal colleges, eight are led by presidents who either helped found the institution or were hired soon after it was established. At some colleges, this adds up to ten, fifteen, twenty, or more years of service. Many of the colleges that had rapid turnover in their early years are now able to hold on to their top administrators for five years or more—a very respectable tenure for any institution.

Because the colleges are still so young, and because many administrators started their careers at a young age, even some of the movements "elders" are just now in their forties and fifties. There is, however, a growing concern for the future. Today's presidents are eager to prepare tomorrow's leaders, and to give them the benefit of their experience. Through a Ford Foundation grant, they sponsored a three-year leadership institute for vice presidents, deans, and faculty, offering seminars on the skills needed to run a college. Informal mentoring also occurs at many institutions.

The presidents recognize, too, that the skills needed to start a college are not necessarily the same skills needed to sustain an institution. Founders of the first tribal colleges were deeply committed advocates of social change and many were very effective community organizers. These were valuable skills and allowed the colleges to succeed when the first task was to mobilize support within their reservations and to take their cause to Washington, D.C.

However, many presidents were not trained educators. Most had little or no experience in administration. Over the years, they had to learn through trial and error, and several long-time presidents and other top administrators have returned to higher education to earn doctorate degrees, usually in education. Increasingly, new presidents and administrators arrive with extensive experience in education and the skills needed to maintain budgets, staff, and facilities. The quality of administration, then, is strong and getting stronger.

Curriculum

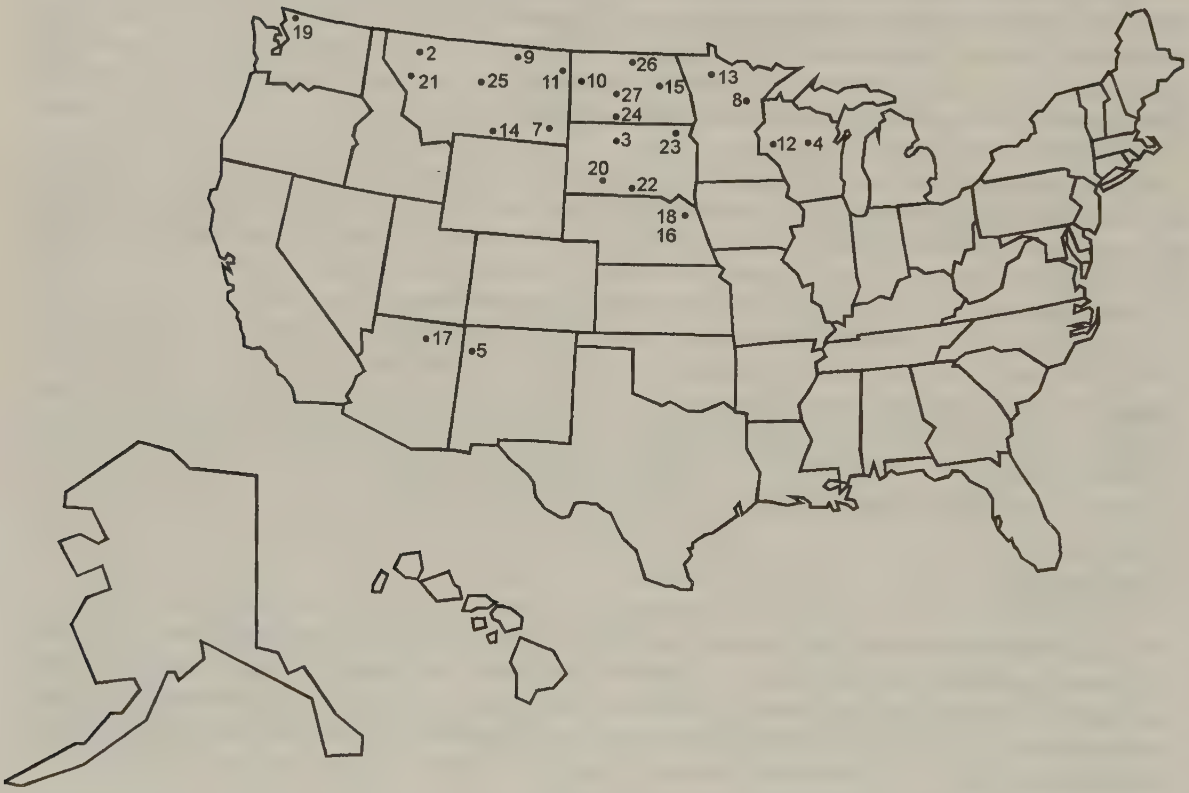
All tribal colleges began as two-year institutions. The immediate goal was to provide vocational training, especially for jobs available within the reservation. Salish Kootenai College, for example, offered its first courses in forestry, reflecting the importance of the timber industry in the region. Dull Knife College on the Northern Cheyenne Reservation helped train Native Americans to enter the local mining industry. Northwest Indian College, located on Puget Sound, taught aquaculture.

Today, job training still dominates the curriculum, although the range of degrees has greatly expanded. Students may choose from culinary arts and construction trades to human services and tribal management. The most popular degrees, college administrators report, are in the fields of business, health, and education. Most colleges offer one or more certificate or associate degrees in these disciplines, usually in nursing, secretarial science, and early childhood education.

As the colleges grow, more are adding four-year and even graduate degrees. Oglala Lakota College and Sinte Gleska University started the trend. Today, they offer both bachelor's degrees in elementary education and business. Oglala Lakota College offers a master's degree program in tribal management, and Sinte Gleska has a master's program in education. Salish Kootenai recently started a four-year degree in human services. Even many smaller two-year schools are offering students four-year and graduate degrees by working cooperatively with non-Indian colleges and universities. In some cases, the non-Indian institutions send their own faculty to the tribal college to teach classes on site. Increasingly, distance learning technology is being used instead; tribal college students "attend" classes through interactive video.

General education courses add richness to these career-oriented programs, exposing students to the breadth of the liberal arts. This is especially valuable for students who plan to continue their education at non-Indian institutions. Tribal college administrators note that their students

A Growing Network of Tribal Colleges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1. Bay Mills Community College
Brimley, Michigan

2. Blackfeet Community College
Browning, Montana

3. Cheyenne River Community College
Eagle Butte, South Dakota

4. College of the Menominee Nation
Keshena, Wisconsin

5. Crownpoint Institute of Technology
Crownpoint, New Mexico

6. D-Q University
Davis, California[*]

7. Dull Knife Memorial College
Lame Deer, Montana

8. Fond du Lac Community College
Cloquet, Minnesota

9. Fort Belknap College
Harlem, Montana

10. Fort Berthold Community College
New Town, North Dakota

11. Fort Peck Community College
Poplar, Montana

12. Lac Courte Oreilles Ojibwa Community College
Hayward, Wisconsin

13. Leech Lake Tribal College
Cass Lake, Minnesota

14. Little Big Horn College
Crow Agency, Montana

15. Little Hoop Community College
Fort Totten, North Dakota

16. Little Priest Tribal College
Winnebago, Nebraska

17. Navajo Community College
Tsaile, Arizona

18. Nebraska Indian Community College
Winnebago, Nebraska

19. Northwest Indian College
Bellingham, Washington

20. Oglala Lakota College
Kyle, South Dakota

21. Salish Kootenai College
Pablo, Montana

22. Sinte Gleska University
Rosebud, South Dakota

23. Sisseton Wahpeton Community College
Sisseton, South Dakota

24. Sitting Bull College
Fort Yates, North Dakota

25. Stone Child Community College
Box Elder, Montana

26. Turtle Mountain Community College
Belcourt, North Dakota

27. United Tribes Technical College
Bismarck, North Dakota[**]

[*] Not located on a reservation.

[**] Does not receive funds under the Tribally Controlled Community College Assistance Act; not located on a reservation.

often prefer to complete more challenging courses in math, science, and English at a tribal college where more support and encouragement are offered.

Courses in Native American studies are a special part of every tribal college. Indeed, a focus on culture forms the core of the college's mission. All colleges offer courses in their tribe's arts, philosophy, and history. While most students choose to major in career-oriented disciplines, many enroll in one or more cultural courses, and all feel the influence of tribal culture on campus.

Instruction

Most instructors at tribal colleges are non-Indian. This is in contrast to the dominance of Native Americans in the administration and student body. Overall, two-thirds of faculty are non-Indian.[2]

However, there is no evidence that non-Indian faculty compromise the mission of tribal colleges or are less respected by students. In The Carnegie Foundation survey of over 1,600 students, only 19 percent said that the larger percentage of Indian faculty was a very important reason to attend a tribal college. In contrast, the higher percentage of American Indian students was very important to nearly twice as many. In addition, the fact that the college was Indian controlled was very important to 41 percent.[3]

Still, college administrators would like to have more Native American faculty. American Indian instructors, it is believed, understand the needs and concerns of their students and, of special importance, act as role models. Their very presence in the classroom offers encouragement and tells students that they can succeed.

Tribal colleges encourage American Indians to apply for teaching positions, but they have a hard time finding applicants. The sad truth is that the supply of qualified Native American faculty is still severely limited. In addition, tribal colleges cannot offer competitive salaries or benefits. Many tribal members with graduate degrees are lured away to better paying positions off the reservation.

Some tribal colleges mentor their own students and other community members, helping them gain the education and experience necessary to return as teachers. Some observers of the tribal college movement believe this mentoring role should be more aggressively pursued, arguing that tribal colleges have an obligation to nurture the next generation of Native scholars. However, most tribal colleges do not have the resources needed to support such a large and long-term project. Informal outreach and encouragement is all most can offer.

Tribal colleges do reserve a special place for tribal members as instructors of culture, language, and traditional philosophy courses. In most cases, only members of the tribe hold this essential knowledge. Many of these traditional scholars are elders with little formal education. They come into the classroom certified by the college as experts in their field and often hold a place of honor on the faculty. Tribal elders also serve as formal and informal advisors to the college, especially on cultural issues.

The high faculty turnover rate may be the greatest concern for college administrators. While tribal colleges attract instructors who are sensitive and dedicated, they have a hard time finding people who will stay. One survey of tribal college faculty found that 60 percent of instructors have been teaching at the institution for just five years or less.[4] Again, poor pay and harder living conditions conspire to push faculty away. This lack of continuity requires colleges to expend a great deal of energy on recruitment and faculty orientation. It may also slow the growth and maturing of academic programs.

However, all instructors—both Indian and non-Indian, new and old—are praised by their students. Indeed, the high regard held for teachers was an especially significant finding in The Carnegie Foundation survey. Overall, 69 percent of the students surveyed were very satisfied with the teaching at their college. Only 1.9 percent were somewhat or very dissatisfied. In each case, they felt their instructors were knowledgeable, accessible, and enthusiastic. For example, 68 percent strongly agreed that their professors enjoyed teaching, and 70 percent strongly agreed that the professors encouraged students to participate actively in classroom discussions.

In addition, they believed instruction at their college was superior to instruction at non-Indian colleges. Thirty-six percent of respondents said they had previously attended a non-Indian college or university. Of those, 88 percent agreed that tribal college faculty are friendlier, and 93 percent agreed that more individual attention is shown to students at a tribal college. Finally, 72 percent agreed that the quality of instruction was higher at their tribal college.

In written comments, students again chose to focus on the dedication of the instructors, and all staff. When asked to summarize their college's greatest strength, many gave responses similar to this one: "The professors enjoy teaching and know each student by name. They are always willing to answer any question any student has. The staff seems to care about improving the college for the benefit of the students." Another summed it up with a word: "Encouragement!"

Colleges have no greater responsibility than to bring students into a community of learning and engage them actively. When students feel that they are more than names on a class roster, and know that their ideas will be treated with respect, then they become scholars, not just bodies sitting in desks. They know, too, that personal effort will be rewarded, and their absence will not go unnoticed. In this role, tribal colleges not only succeed, they excel.

They succeed, in part, because they are small institutions and it is almost impossible for a student to get lost in the crowd. But it is also true that tribal colleges have a dedication to students that most other colleges and universities cannot match. In all that the colleges do, their first priority is to support students and ensure their success.

Students

Total enrollment among all tribal colleges continues to climb rapidly. In 1989, the college reported a total enrollment of over 10,000. In 1995 this number doubled to over 20,000.[5] Among the colleges, student enrollments vary greatly. In most cases, this reflects the age of the institution and the size of the community it serves. Navajo Community College remains the largest, with a total enrollment estimated to be 1,500. Total enrollment at other tribal colleges may be four hundred or less.

Clearly, the total number of students is low compared to the number of non-Indians in higher education. Indeed, all tribal college students combined add up to the equivalent of just one state university campus. However, many of the reservations with tribal colleges have as few as three thousand members. In these communities, the impact of even a dozen students with college degrees is significant. And because every tribal college takes on a wide range of community development programs, their work either directly or indirectly enriches the lives of nearly every tribal member. In contrast, the federal government has poured millions of dollars into some reservations through programs that, all too often, had far less positive impact than the tribal colleges.

From the beginning of the tribal college movement, most students were older and most were women. The typical tribal college student was often described as a single mother in her early thirties. Tribal college officials explain that this population was the least served by higher education, yet was the most eager to get a degree. Women with children, especially, are often determined to get off welfare and provide for their families, but are unable or unwilling to leave home and attend schools in distant cities. For them, tribal colleges were the only option.

Today, the average age of students has dropped slightly as more students in the traditional eighteen to twenty-one age group enroll. At Turtle Mountain Community College, President Gerald "Carty" Monette called this a "second wave" of students. They have not replaced the older student body, but their numbers are growing.[6]

In The Carnegie Foundation survey, the average age of respondents was twenty-seven, suggesting a slight drop in age, assuming the earlier anecdotal evidence was accurate. But at a few colleges, the change may be even more dramatic. At Salish Kootenai College, for example, administrators were taken by surprise during fall 1994 class registration. It seemed every new student was eighteen, nineteen, or twenty—a full ten years younger than the average student. Even a quick stroll through that institution's campus confirms the trend. Ten years ago, it was hard to find a young student. Today younger students can be found chatting in the student lounge, sitting in groups outside on warm days, and cramming for tests in the library.

Some colleges say there is also a more even male/female ratio. However, approximately 70 percent of the Carnegie survey respondents were women.

The shifting demographics are subtle but are evidence of change, and suggest that even greater changes will soon take place. They first reveal that tribal colleges are accepted as legitimate institutions of higher learning in their communities. Many high school graduates at first shunned the tribal college down the street, believing it was not a "real" college. The younger student body suggests that it may now be seen as a college of first choice—not just last chance—by more tribal members.

In addition, some colleges are attracting students from outside their communities. While a few institutions, such as United Tribes Technical College and D-Q University, are deliberately intertribal, most of the colleges were created to serve a specific reservation. All still see this as their primary mission, but as reputations grow and a wider variety of degree programs are offered, students are arriving from both neighboring and distant reservations.

Facilities

Nowhere is the evidence of the tribal colleges' creativity—and need—more immediately apparent than in their facilities. The buildings that make up a typical tribal college campus are too often a hodgepodge of rented storefronts, trailers, and leftover buildings. Classroom and office space is usually severely restricted and many lack adequate space for student lounges, dining facilities, gyms, and other "extras" that most college students in America take for granted.

In the early days of the college movement, students and administrators took pride in their willingness to park a double-wide trailer in a field and declare their college open for business. And many demonstrated great creativity in their search for space and equipment. Today, like all pioneers, they tell stories of their early days with humor and some nostalgia.

Sinte Gleska used a once-abandoned federal building that had no heat or electricity. Wobbly desks were propped up with legs made from soda cans. President Lionel Bordeaux recalls that the college's sole typewriter was missing the letters "r" and "y." Space was so tight that classes were held in hallways.

Salish Kootenai's first home was the second floor of a rented building in the reservation town of Ronan. There, librarian Bob Bigart fought a slow-motion battle for space against the administration. President Joseph McDonald recalls that Bigart secretly tried to expand the college's nascent library by pushing his bookshelves beyond their allotted space an inch or two every night. He hoped other staff would not notice that he was slowly encroaching on their cubicles.

Almost every college has stories like these, told to laughter at community gatherings. But such depravation quickly grows old. The struggle to meet even basic needs lost its romantic appeal long ago. Today, many are resigned to working under conditions most staff, faculty, and students at non-Indian colleges would simply find intolerable.

Little Big Horn College, for example, has been celebrated for its innovative campus. There, the main building is a renovated gym. Offices are in one set of former locker rooms, classrooms are in another. We learned during our first visit ten years ago that the former shower room had just been converted into a biology lab. The basketball court-sized gym was being converted into a library. Meanwhile, a sewage treatment plant a half-mile away was turned into a science laboratory. Students would squeeze past a large steel tank on a narrow metal catwalk to have class in a small room to one side.

More typical is the campus of Turtle Mountain Community College. There classes are held in a series of simple buildings constructed as money became available. With a creative administration, the facilities are adequate, but President Carry Monette admits they are not elegant. As at most colleges, the struggle is to supply enough space for the bare necessities.

Some colleges have been able to find the resources needed to build a true college campus. Navajo Community College took advantage of federal funding in the 1970s to build a campus complete with a cafeteria, recreation facilities, and student housing at its main center in Tsaile, Arizona. One of the newest colleges, Fond du Lac Tribal and Community College, is housed in a stunning new building that features tree trunks for columns and curving glass walls.

Salish Kootenai College, meanwhile, has patiently built a very attractive campus amid a pine forest in Montana's Mission Valley. Several buildings are built partially underground and one is solar heated; on cold days a single wood-burning stove warms much of the building. Other buildings were built by students from the building trades program. All are attractive and thoughtfully designed.

But even these colleges are cramped for space. New construction barely keeps up with growing enrollments, and even the best-equipped colleges usually lack adequate space for students. In addition, sufficient materials for learning, from computers and library books to lab equipment and desks, are often in short supply.

Staff and faculty are painfully aware of these limitations, but students responding to The Carnegie Foundation survey were especially blunt in their appraisal of their college's facilities. When asked to describe the greatest need of their institution, the majority of students talked about the shortage of space and equipment. Some simply said they needed a bigger campus. Others described specific deficiencies. "Dining facility, a larger place to study, a bigger library," said one. "More classroom space and classrooms," said another. The wish list continued: computers, dormitories, gym, more books and periodicals, a student lounge. For some, the needs were elemental: some requested such basics as desks, chairs, and bathrooms. One asked for "heat."

When asked to rate specific facilities—such as study space or lab equipment—students were less critical. For example, nearly 50 percent said their access to computers was excellent. But in contrast to the lavish praise from students for their institutions in other areas, most responses about facilities were clustered in the "good" to "fair" range.

Student responses and campus tours confirm that most colleges are able to meet the basic needs of students, staff, and faculty, and some excel. But at most colleges, students, staff, and faculty all see the evidence of need every time they walk into a classroom, office, or library.

Funding

The greatest challenge to all tribal colleges is the persistent search for funding. While the movement, as a whole, will certainly survive, each college's ability to grow and better serve its community is contingent on support from outside of reservation boundaries.

Tribal colleges must look beyond their borders, in most cases, because their own communities are too poor and they do not have wealthy alumni able to contribute. In addition, tuition, which averaged $1,580 per year in 1994–95, is already slightly higher than most two-year colleges and cannot be increased significantly without pushing away students. Instead, they survive on a collection of grants, gifts, and federal appropriations that, too often, adds up to little more than a starvation diet.

Financial support provided by the federal government is especially vital. Navajo Community College benefited from federal aid in its early years and today receives approximately $7 million annually. In addition, most of the other colleges owe their very existence to the Tribally Controlled Community College Assistance Act of 1978 and its annual appropriation that has now grown to over $19 million.[7] This funding, first sought by the colleges in 1972, is critical for each of the tribal colleges.

The available funds are distributed according to each college's Indian student count; no money is distributed for non-Indian students. Only Navajo Community College is funded according to need rather than enrollment, but support to that institution has fluctuated over the years.

The importance of this legislation cannot be overstated. For most tribal colleges, it is essential for survival. Indeed, during the 1996 budget impasse, when government programs were only partially funded through a series of continuing resolutions, the impact on tribal colleges was almost immediate. When payments did not arrive from the Bureau of Indian Affairs, tribal colleges were required to cut back staff and, in some cases, take out loans to make payroll. Few colleges had the resources needed to fill even this temporary loss of funding.

College leaders are, however, more worried about funding over the long term. They note that government support is still not keeping up with the growth in tribal college enrollment. Although the total amount appropriated has climbed—indeed, it has more than doubled in ten years—it has not kept pace with the colleges' growing enrollments. Congress first authorized $4,000 per student in the original legislation, a figure later increased to $5,820. But the amount actually released has never matched this figure. In 1996, funding per student was $2,900, or just half the amount authorized.[8] Increased appropriation is a priority for the colleges.

Some tribal colleges also support their institutions through federal grants that fund vocational education. Of special importance, tribal colleges were recently designated as Land Grant colleges, which offers both direct annual payments from an endowment and opportunity to take part in a wide range of programs in the Department of Agriculture.

Foundation support is also critical. In our first report, we noted that few philanthropies were reaching out to tribal colleges. Within the past ten years, however, significant support has come from both regional and national foundations, including U.S. West, MacArthur, Pew, Ford, and others. Most recently, the Kellogg Foundation has launched a $22 million initiative in Indian education, much of it targeted at tribal colleges. Additionally, the Lannan Foundation has developed an Indigenous Communities Program that also offers significant support to the tribal colleges. Although these programs cannot replace essential federal funding, they do allow colleges to develop programs that directly benefit students and their communities.

Working Together

All of the nation's tribally controlled colleges are members of the American Indian Higher Education Consortium. The organization was first formed in 1972, by six of the oldest tribal colleges, allowing the movement's leaders to share information and, of special importance, help gain federal support. Today, all colleges receiving funds through the Tribally Controlled Community College Assistance Act are members. There is a small number of Indian-controlled colleges not affiliated with the consortium, but most are young institutions that have not yet approached, or been accepted into, the group.

The consortium also includes three government-supported institutions of higher learning: Haskell Indian Nations University, Southwest Indian Polytechnic Institute, and the Institute of American Indian Arts. In addition, one Canadian college—Red Crow College—participates in consortium meetings. These institutions share many of the same goals and hold a similar philosophy of education.

The consortium for most of its recent history had no central office and supported no staff. Instead, all AIHEC business was conducted by presidents and staff from member colleges. The organization's tiny budget, collected from dues, did allow the colleges to hire a part-time consultant who monitored federal legislation and presented testimony to Congress.

However, the consortium has grown in recent years. Increased dues and several grants have allowed the colleges to purchase an office in Alexandria, Virginia, and pay for a professional staff of five. This office is now playing a vital role by managing grants, offering support to colleges, and gathering data on the needs and accomplishments of the colleges.

The consortium also sponsors a quarterly publication, *Tribal College: Journal of American Indian Higher Education*. This editorially independent publication is currently located in Colorado with a staff of two. Articles and research document the work of the colleges, helping administrators and faculty share information with colleagues within and beyond the tribal college movement.

In 1989, the colleges created another organization—the American Indian College Fund. Located in Denver, with additional offices in New York, its mission is to raise money from foundations, corporations, and individuals. Money is used to build an endowment and support student scholarships. Although less than ten years old, it has enjoyed great success and some presidents hope it will play an even more important role in the future.

Notes

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Distance Education and Public Policy

NANCY ZELLER

Introduction

Distance education, defined here as education that takes place when the learner and instructor are at separate locations, varies substantially across the world. In many countries, such as the United Kingdom and Indonesia, distance education is linked to a national agenda and addresses particular economic and social objectives (Ellis 1986, 26). Slow to develop in the United States (Bates 1991, 12), distance education as a deliberate instrument of a comprehensive public policy agenda has yet to be achieved. In Canada, according to Peter Rothe, distance education is a "national potpourri" (1986, 22). John Ellis comments that, when there is no national distance education policy, "national goals such as the removal of regional disparities or the furtherance of human resource development cannot be addressed by a central authority as they are by distance universities [in Europe and Asia]" (1986, 26).

This paper describes the current status of distance education in the United States and Canada, with special focus on ways in which distance education has been or can be or should be used to further local or national policy goals. I present four conceptual models which describe distance education operations in the United States and Canada, each model corresponding to a point along a policy-oriented continuum. I then examine the various stakeholders of and future direction for distance education.

Although few public policy decisions have been made about distance education, there is ample evidence of its interest for state and national governments. One sign of this interest can be found in such recent reports by federal agencies or national organizations as *Linking for Learning: A New Course for Education* (U.S. Office of Technology Assessment 1987); *The Learning Technology Report to* the *Instruction Committee from the Third Technology Conference* (Council of Chief State School Officers 1988); *Results in Education* (National Governors' Association, 1988), and *Education Policy and Telecommunications Technologies* (U.S. Office of Educational Research 1991). Other indications of interest can be found in the many recent state reports on educational technology cited at the end of the bibliography. Much of this interest in distance education, however, centers on short-term technical, regulatory, administrative, and cost issues rather than on the development of distance education as an instrument of public policy.

There is no denying a genuine flurry of activity and substantial investment of public funds in North American distance education; but the various approaches are primarily institution-driven and institution-centered. In the United States and Canada, for example, distance educators tend to see potential student populations (e.g., the "disabled, incarcerated, or temporarily home-bound, such as pregnant women, parents of small children, and the injured") as "untapped markets" (Hudspeth and Brey 1986, 150–54). In North America distance educators appear to view "access" *not* in terms of students' access to education opportunities but as institutions' access to the "student market" (Quigley 1989, 4; see also Rothe 1986, 21, for further evidence of the "marketing" of distance education in Canada). This emphasis on the "marketing" of distance education signals the entrepreneurial character and institutional ownership of distance education in the United States and Canada, perhaps a contrast to a sharper focus on student development and a different type of government leadership in distance education elsewhere in the world.

While North American states and provinces providing distance education are roughly similar in their failure to conceive of distance education as an instrument of public policy, they differ widely in their distance education operations. Some states in the United States have well-coordinated and technically sophisticated distance education systems. Others appear to have little interest in developing any distance education capability at all. At least fifteen states* are currently engaged in planing for or implementing a new or better coordinated statewide distance education system; many of these states have embraced distance learning because of geography and/or population patterns.

In Canada, too, there is little similarity in distance education among provinces (Ellis 1986, 25–26). In Alberta and British Columbia, for example, distance education activity is high; in Ontario and Quebec, it is modest. One reason for this disparity in activity is that education policy in Canada emanates from provincial governments; thus, Canada has twelve educational systems, one for each province and territory. The situation is the same in the United States.

In the United States, according to Allan Quigley (1989, 3) even greater diversity is found—"a plethora of distance education programs and competing organizations" across (and even within) the states. Michael Moore warns United States distance educators about the "fractured nature of [their] emerging field" (1988, 1). While programs are planned and taught, they are seldom coordinated.

In addition to the varying degrees of interest in distance education, states in the United States vary also in the populations they attempt to serve. Some states focus almost exclusively on elementary and/or secondary school students and, perhaps, teacher education. Others focus on postsecondary education, and a few, on business and industry. Some states attempt to serve all three client groups.

State-level coordination of distance education is another area in which states differ. After reviewing state-level coordination of distance education in the United States, Richard Hezel (1990) concluded that there are at least five sources of coordination and control: public broadcasting organizations (licensees); the telecommunications divisions of state departments of administration; higher education institutions; state coordinating or governing boards of higher education; or consortia with representatives from these entities.

Distance Education Models

To facilitate my analysis of current distance education operations, I developed four descriptive, conceptual models to categorize distance education systems in the United States and Canada by policy orientation: *Laissez-faire, Consortium, Coordinating Board,* and *Comprehensive.* The four models are based on differentiations over the dimensions of eight properties of distance education delivery systems. See Tables 1 and 2 summarizing the characteristics of each of the eight properties, providing their policy dimensions, and placing each model at the appropriate point on a continuum.

The data that enabled me to carry out this analysis, from which emerged the eight properties of distance education delivery systems, were collected from the staffs of state higher education coordinating or governing boards, state-level telecommunications or educational technology agencies, and/or institutions or organizations with state-wide responsibility for delivering distance education (all in North America).

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* Alabama, California, Indiana, Idaho, Kansas, Massachusetts, Missouri, Montana, New Mexico, North Dakota, South Carolina, South Dakota, Tennessee, Vermont, and Washington.

Many respondents, such as the State Higher Education Executive Officers (SHEEOs) and their staffs, provided written state plans; many other state, agency, and institutional staff participated in structured telephone interviews containing identical limited-choice and open-ended questions about the planning and delivery of distance education in their states.

From a content analysis of the state plans, other documents, and structured interview responses, I identified the eight categories or "properties" of distance education mentioned above and the policy-related dimensions of each. The placement of each model along the policy continuum is approximate; the models do not fit all situations exactly. For example, some laissez-faire states employ a wide array of delivery methods and media. Furthermore, the scale of the policy-oriented continuum should be viewed more as an ordinal than as an interval. There is likely to be a far greater difference (i.e., distance on the scale) between *Consortium* and *Coordinating Board* than between *Laissez-faire* and *Consortium.*

Other researchers have developed and/or described distance education models; however, their versions have been either very general (e.g., Rossman 1992, 14, 17; Rumble 1986, 30), focused on purely administrative issues (e.g., Ellis 1986, 28; Verduin and Clark 1991, 173–76) or focused on intra-institution issues, and thus somewhat prescriptive in nature (e.g., Hudspeth 1986, 125–28). In developing models based on *many* properties of distance education, I have attempted a more comprehensive analysis of distance education in North America than any previous study.

Finally, it is important to note that the four models are not proportionately representative. The first two models—Laissez-faire and Consortium—reflect the current status of distance education in most states and provinces in the United States and Canada. The Coordinating Board model can be found in a few states, such as Idaho, Oklahoma, and South Carolina, while the Comprehensive model is best exemplified by the system in Hawaii or by British Columbia's Open Learning Agency.

TABLE 1

Properties and Policy Dimensions Related to the Four Models of Distance Education

Properties	*Policy-Oriented Dimensions*	
Purpose	Single/Narrow	Multiple/Broad
Planning/Coordination	Local	State Level
Ownership/Control of the Technical Capacity	Dispersed	Concentrated
Methods and Media Selection and Use	Single	Multiple
Access/Clientele Served	Narrow	Broad
Programming	Limited	Comprehensive
Role of Institutions	Individual	Collaborative
Cost Efficiency	Duplicated Costs	Cost-efficient

← →

↑ Laissez-Faire ↑ Consortium ↑ Coordinating Board ↑ Comprehensive

TABLE 2—Properties and Dimensions of Distance Education Along a Policy-Oriented Continuum

	Laissez-faire	*Consortium*	*Coordinating Board*	*Comprehensive*
PURPOSE	SINGLE/NARROW Distance education activities are provided to accomplish on narrow purpose, usually to provide continuing education for one professional group.	The purpose is to provide education to a limited group of citizens, primarily employed professionals seeking graduate education	The purpose is to make selected education opportunities available to targeted groups of students, often including K–12 students and graduate and professional students.	MULTIPLE/BROAD The purpose is to expand education opportunities to a broad range of student populations; a wide variety of courses and certificate and degree programs are offered.
PLANNING AND COORDINATION	LOCAL No state-level comprehensive plan of action exists. Institutions initiate distance education independent of one another.	There is some coordination of programming, often by a user consortium, but with little routine, long-range planning or system development. Little client involvement.	There is routine state-level planning and coordination by a special board or committee with representatives from various providers; usually meets 2–4 times a year.	STATE-LEVEL State-level planning, coordination, integration, and delivery are assigned to one institution or agency—perhaps with degree-granting authority. Institutions may also participate in the system.
OWNERSHIP, CONTROL OF THE TECHNICAL CAPACITY	DISPERSED Individuals own and control their own distance education hardware and software.	State provides some technical capacity but doesn't directly control it; institutions also own and control.	State owns and controls technical capacity to some extent via a coordination committee. Individual institutions may also own their own equipment.	CONCENTRATED State facilitates a shared ownership and control of technology. Individual institutions do not develop a separate technical capacity to deliver distance education.
METHODS AND MEDIA SELECTION AND USE	SINGLE Selection of media and methods depends on local resources and interests; typically single medium and method used.	Attempt is made to acquire and use up-to-date methods and media; may rely on single medium and method.	A variety of methods and media are planned for and used.	MULTIPLE Distance education is provided via a full range of methods and media, including electronic and print. The distribution system is technologically up-to-date.
ACCESS Intent	NARROW The goal is to provide access and meet the education needs of a limited group of students. The system is driven by individual talents and available technologies.	One or more target populations are identified and served, but little emphasis is given to the postsecondary education access needs of the general citizenry.	Various student populations are served, including typically K–12, higher education, and continuing education, but the system is not designed to increase access per se.	BROAD The system is designed to provide access to education to anyone who needs it, and increased participation is a system goal. The system is client-driven.
Clientele served	Employed engineers and other professionals.	Mostly employed individuals wanting graduate courses.	Mix of undergraduates and graduate students; mostly employed.	Large number of undergraduates seeking two- or four-year degrees; some graduate degree-seeking professionals.
Results	Limited access points (in-plant sites, CCTV, etc.).	Somewhat limited access points.	Variety of access points, including some in-home access	Instruction wide open, available via multiple media and methods.

TABLE 2 (Continued)

	Laissez-faire	*Consortium*	*Coordinating Board*	*Comprehensive*
PROGRAMMING Nature	LIMITED Courses selected by the departments or other units in an institution; emphasis is placed on professional development inservice.	Courses, limited degrees offered to meet professional development and inservice needs of a special population. The system is institution-centered.	All levels of students are served with a broad range of courses and a limited number of degrees. The system is primarily institution-centered.	COMPREHENSIVE The distance education system provides a broad range of training programs, courses, and degrees at all levels. The system is client-centered.
Source/ownership	Course/s distributed or developed by institution for its own students. Single use courses—low shelf life.	Most courses developed and offered by each institution for its own students. Mostly single use courses—little or no shelf life.	Some courses developed by the institution, some by other providers. Little shelf life from interactive TV courses, but longer for other media and methods.	Existing courseware used where possible and effective; many sources used. Multiple methods and media allow for significant repeat use and longer shelf life for courses.
INSTITUTIONS Role	INDIVIDUAL Extend access to campus lectures to a narrowly defined target audience: one-time use.	Institution develops special courses for a narrowly defined audience; mostly one-time use.	Institution develops and distributes (rarely buys) courses for select groups of students.	COLLABORATIVE Institution develops, buys, and distributes a broad array of courses for students at various levels.
Individual vs. cooperative effort	Individual institution is self-contained; does not use resources from other providers; controls access to its programming.	A loose provider consortium uses pathway cooperatively, each institution is self-contained; doesn't use other's resources and controls access to its programming.	Cooperation in delivery of programming occurs to avoid unnecessary duplication and redundancy; mechanism for cooperation is coordinating committee of providers.	System is collaborative. Each institution/agency takes advantage of other producers' and institutions' resources. Multiple audiences are served in a collaborative manner.
COST EFFICIENCY	NOT COST EFFICIENT Many institutions or agencies have the same distance education equipment and personnel.	Although institutions may share the same pathways, there is still some duplication of resources.	Better state-level coordination results in greater cost efficiency and less duplication of distance education resources.	COST-EFFICIENT State-level planning, coordination, and delivery, use of various methods and media, and service to large numbers of students results in low per-student cost.
STATE POSITION ON COST	IRRELEVANT State is not aware of, nor concerned about, the cost.	State attempts to rationalize prices charged by individual institutions.	State attempts to coordinate offerings to avoid duplication and certain costs.	RELEVANT State encourages variable pricing and use of available resources (e.g., public or cable TV, existing agencies or institutions) to achieve a lower unit cost.
SOURCE OF PAYMENT	THIRD PARTY Typically, fees paid by third party; low-no cost to students.	Large proportion of offerings paid for by third party.	Some costs borne by students, some by third party.	STUDENT Most costs borne by students.
MARKET	NARROW Small, typically one professional group.	Small, a limited number of graduate and professional students.	Larger, including baccalaureate instruction.	BROAD Large market addressed and served—all levels and many disciplines.

Laissez-faire Model

The Laissez-faire Model of distance education is characterized by individual initiative. No state-level, comprehensive plan for distance education exists. If distance education is offered at all, it is done so by one or more institutions or agencies acting independently of each other to accomplish one narrow purpose, usually to provide access for and meet the education needs of a limited group of clients, typically professionals such as physicians or engineers in need of continuing education. In the Laissez-faire Model, distance education is driven by individual talents and available technologies at the institution or within a region of the state. Access to instruction is limited, often consisting only of in-plant, hospital, or other closed circuit television sites.

There is no collaboration in planning, course development, audience identification, or programming nor is there any sharing of equipment or facilities. Individual institutions or regional consortia own and control their own distance education hardware and software. Typically, selection of media and methods for delivering distance education depends on local resources and interests. A single medium and method, such as closed circuit, interactive television, may be all that is used.

The costs involved in providing distance education via the Laissez-faire Model are often unknown, since resources are spread across many providers. For the same reason, enrollment information is very difficult to compile. Typically, the state is not involved in directly funding Laissez-faire Model distance education nor may it even be aware of the cost. Payments for courses are often made by third parties (e.g., employers). There is little or no cost to students. The number of students served tends to be small.

Programming decisions in Laissez-faire Model distance education are made by departments within institutions or agencies and tend to favor professional development and in-service continuing education. Such courses are developed by institutions for their own clientele and, as such, are single-use courses with little or no shelf life.

In short, institutions involved in Laissez-faire Model distance education tend to be self-contained, with little or no reliance on resources outside the institution. Sometimes the role of the institution is merely to extend access to existing, on-campus lectures to a narrowly defined target audience.

The advantages of the Laissez-faire Model are seen at the institution level. They include the flexibility to respond to education and training needs at the regional or institution level, the ability of institutions to monitor instructional and technical quality directly, the ability of institutions to encourage and benefit from the individual talents and interests of their faculty and staff, and the ability of institutions to compete without restraints for students.

The disadvantages of the Laissez-faire Model are seen at the state level. They include unnecessary duplication of resources and efforts, related cost inefficiencies, failure by the state to use distance education to meet education and training needs systematically, and failure by the state to ensure a fair distribution of educational resources to all its citizens who want and deserve access to education opportunities.

Laissez-faire Example: Illinois

Illinois has a wide variety of distance education opportunities but no state-level coordination of distance education. Telecommunications and other kinds of media are used in delivering distance education. Courses, both at the baccalaureate and graduate level, are offered but only at the instigation of individual institutions or regional consortia, such as CONVOCOM in western Illinois, which offers telecourses and courses via live, interactive television. Few, if any, complete degree programs are offered in Illinois by means of distance education.

Public television and public radio, which have banded together in Illinois to form a strong, state-level, public media lobbying organization, receive $4.5 million annually in state funding.

These media, however, are oriented more toward providing cultural and community affairs programming than educational programming, especially postsecondary education.

In Chicago, the public community colleges have banded together, sharing licensing fees and other expenses, to broadcast telecourses to their individual campuses. Elsewhere in Illinois, thirty-six community colleges and four universities have formed a buying cooperative to acquire telecourses and other distance education services, such as a medical continuing education network (Med-EdNet). The University of Illinois, a participating member of the National Technological University (NTU), is also engaged in distance education, broadcasting educational programs to various parts of the state.

Even though the state recognizes that it has a problem in coordinating cost effective technology, in addressing the needs of underserved areas of the state, and in assuring quality in distance education courses, it has not yet raised such fundamental questions as the cost of distance education, whether any degree programs are offered, what courses are offered, and whether courses that are offered are credit or noncredit.

Although Illinois has no plans for state-level coordination of distance education, two select committees, one charged with examining the role of higher education in work-force preparation and retraining, the other focused on studying underserved areas of the state, are examining ways in which distance education, specifically telecommunications, can assist in meeting state goals.

Consortium Model

Unlike the Laissez-faire Model, the Consortium Model is characterized by some coordination often by a group of providers; but little routine, long-range planning or distance education system development occurs. There is little or no client involvement in the Consortium Model. Its primary purpose is to provide education opportunities to a limited group of clients, usually employed professionals seeking graduate or continuing education. In this model, the state funds the technical pathway and may provide funding to develop broadcast capability at individual institutions; but there is no state-level control of the technical capacity. In addition to the resources provided by the state that institutions share (e.g., a telecommunications pathway), institutions often own and control separate reservoirs of equipment and capacity.

While the Consortium Model addresses one or more target populations, it gives little or no emphasis to the postsecondary education access needs of the general citizenry. Although the technical capacity in the Consortium Model tends to be up to date, access is limited because providers rely on a single medium and method, usually closed circuit, interactive television.

The state typically provides funding for the distance education infrastructure and campus-specific initiatives. The state attempts to rationalize costs at individual institutions. Since payment for courses often is made by third parties, mostly employers, many courses are provided at little or no cost to students. The Consortium Model provides distance education to a limited number of students.

Consortium Model distance education programming emerges from institutions, which tend to provide courses related to professional development and in-service continuing education. These courses are developed by institutions for their own students and, as such, are single use courses with limited shelf life. Coordination of distance education in the Consortium Model consists mainly of a loosely knit consortium of providers scheduling time on an electronic pathway. Virtually no institution uses the resources of other institutions, and each controls access to its own programming.

Like institutions in the Laissez-faire Model, those in the Consortium Model tend to be self-contained. In addition, except for the shared pathway and occasional use of national resources, such as the National Technological University, Consortium Model institutions usually do not rely on outside resources.

The advantages of the Consortium Model resemble those of the Laissez-faire Model. They also include the flexibility to respond to education and training needs at the consortial level, the ability of a consortium to monitor instructional and technical quality directly, and the ability of the consortium to encourage and benefit from the individual talents and interests of member institutions' faculty and staff.

The disadvantages of the Consortium Model also resemble those of the Laissez-faire Model. They include some duplication of resources and efforts, possible cost inefficiencies, failure by the state to ensure that education and training needs are being addressed with distance education sources, and failure by the state to ensure a fair distribution of educational resources to all of its citizens who want and deserve access to education opportunities.

Consortium Example: Washington

There are many, many providers of distance education in the state of Washington. Washington State University (WSU) operates the Washington Higher Education Telecommunications System (WHETS), a microwave network linking several of its regional campuses; in addition, it links the University of Washington with the main WSU campus. Resources at WSU include a two-way interactive analog microwave system, electronic classrooms that allow two-way audio/video link between sites, uplinks to both the University of Washington and a neighboring state (the University of Idaho), and down-links at extension centers throughout the state.

The University of Washington participates in the National Technological University (NTU). Its Televised Instruction in Engineering (TIE) program utilizes the CABLEARN cable system and mailed videotapes to distribute engineering courses at the master's level to local industrial sites. The CABLEARN system operates from the University of Washington and reaches 400,000 homes in the Puget Sound area. Besides providing engineering courses offered by the University of Washington, CABLEARN also carries courses offered by community colleges and Eastern Washington University. The distance education resources at the University of Washington include a satellite uplink acquired in support of NTU activities, a down-link production capability on campus, and origination capability to send programming over the WHETS network.

Eastern Washington University has become quite active in telecommunications activities, including both the marketing of an institution-owned satellite uplink and the development of educational programming using satellite, cable, and tape distribution. This institution develops programming for broadcast, including coursework leading to a B.A. in General Studies, and is exploring the possibility of offering coursework jointly with the community college system through telecommunications to off-campus locations. Resources at Eastern Washington University include a satellite uplink with both C and KU band capability, a production studio, and a down-link.

The Washington State Community College system, which served 3,741 students by distance education in 1988, coordinates and distributes coursework by sending tapes to individual sites and by a variety of cable and broadcast systems. The system seeks to expand its distance education activities and is seeking funding to develop a satellite network, local ITFS (instructional television fixed signal) delivery systems, and electronic classrooms at several campuses to originate and distribute programming. Several of the community college campuses are equipped with satellite down-links.

At the direction of the legislature, which has urged that K–12 education be given equal access to all of the publicly owned telecommunications capacity, the state agency for higher education completed an educational telecommunications plan. In developing the plan, the agency surveyed the state's public institutions and compiled an inventory of needs which could be met by telecommunications. One of the principles identified in the plan is that educational telecommunications must be "needs driven." As a result, client groups, "such as teachers, engineers, and the medical community," were targeted to identify their programming needs; the plan did not address nontraditional student groups. The plan culminated in a funding request for $8.5 million for "telecommunications activities."

A loose consortium of providers has provided most of the coordination of distance education. The plan calls for the creation of a joint K–12/higher education coordinating committee with equal representation for each sector. In addition, the higher education coordinating board will establish a higher education telecommunications coordinating committee, which will be the policy making body for higher education telecommunications. This three-person committee, consisting of two members of the state higher education coordinating board and its executive director, will be assisted by staff and committees, both standing and ad hoc, of citizens, industry representatives, institutional representatives, and legislators.

Coordinating Board Model

State-level planning is routinely carried out in the Coordinating Board Model by a special board or committee with representatives from various providers and related agencies. This board, which typically meets two to four times a year, has as its purpose to make a broad range of educational opportunities available to whoever might need them. In this model the state owns and controls the technical capacity to some extent through the coordinating board, which it convenes; however, individual institutions may also own their own equipment.

While the Coordinating Board Model of distance education attempts to meet the needs of various student populations, including, typically, K–12, undergraduate and graduate higher education, and continuing and adult postsecondary education, the system has not been designed to increase access per se and remains more institution- than client-driven. The Coordinating Board Model employs a variety of methods and media consulting in multiple access points (perhaps including open broadcasts of live or taped instruction)—a benefit to students, most of whom are employed.

In coordinating the distance education offerings, the state attempts to avoid duplication and thereby contain costs. Course fees are supported by both students and third-party payers, such as employers. The number of students served is large because of fairly open access, a wide range of courses, and some degrees offerings. Some courses are developed by the institution and by other providers. There is little shelf life from interactive television and computer courses; but other media, such as telecourses, can be used many times. Institutions are somewhat interdependent in their delivery of distance education in the Coordinating Board Model. They are expected to avoid unnecessary duplication and redundancy in delivering distance education; but when problems arise that they cannot solve, the coordinating board steps in.

The advantages of the Coordinating Board Model include the possibility of fair distribution of education resources to those in need, the possibility of a broad range of courses and degree programs, little duplication of resources and efforts, and the ability of the state to focus its education resources on target populations and/or work-force development goals.

The disadvantages of the Coordinating Board Model include a possibly cumbersome organization and management structure (if the majority of members of the coordinating board are institutional representatives), a more institution- than client-driven system, and, if several institutions have broadcast capability, some duplication of resources and efforts.

Coordinating Board Example: South Carolina

South Carolina currently owns and manages a video telecommunications network, by which the state's educational television system provides statewide transport of educational programs and materials for use in the public schools, state agencies, medical facilities, higher education institutions, and other areas. This network also supports general teleconferencing services for these users.

South Carolina provides 110 hours of instructional television programming each day. The programming effort is about equally divided between K–12 and postsecondary education. K–12 is being served chiefly with taped programs and some live, interactive programming from a federally funded "STAR Schools" network with the acronym SERC. Over 90 percent of postsecondary programming, which is provided entirely by closed circuit, live, interactive television, is devoted to graduate and professional education. The system offers the following degrees and courses: master's degrees in nursing, business administration, social work (first year only), engineering, public health, library science (core courses only); B.S. in criminal justice (a degree completion program for A.S. graduates); and, certification renewal courses for teachers.

The total South Carolina network consists of three major, distinct components, together with certain auxiliary facilities, administered by the South Carolina Educational Television (SCETV) Commission, with the State Budget and Control Board's Division of Information Resource Management serving as telecommunications contractor. The annual operating budget for SCETV is $27 million, provided entirely by the state. The primary component of the network is a microwave backbone facility owned by the state, managed by the State Budget Control Board's Division of Information Resource Management, and centered at the SCETV studios in Columbia. From this site, the network follows three outward paths reaching various population centers. Additionally, the network serves other access points at the three major universities (Clemson, Medical University of South Carolina, and the University of South Carolina), certain technical colleges, the South Carolina Department of Education, and other sites.

The second component of the network is the ITFS (instructional television fixed signal) system belonging to SCETV, consisting of eleven primary ITFS transmission sites and various relay transmitters. The total system can deliver programming to 429 of the state's 629 secondary schools. Talk-back occurs through standard dial-up telephone circuits and a central audio bridge. SCETV also has established twenty "tape and delay" centers in more densely populated areas to allow previously taped programming to be scheduled for later ITFS transmission.

The third component of the video network is SCETV's open-circuit broadcast system, consisting of one VHF and ten UHF television stations located throughout the state. These stations receive programming through the microwave network to serve elementary schools during the day and to broadcast local and Public Broadcasting System (PBS) programming to the general public in the evenings and on weekends.

SCETV also employs a satellite sending and receiving facility which includes fixed and steerable uplinks and nine down-links. SCETV is able to transmit and receive video to and from virtually any spot on the globe.

The three major universities, four technical colleges, and two state agencies (the Department of Education and the Criminal Justice Academy) are frequent or regular users of video resources for distance learning. Availability of video transport services to state agencies and educational institutions has been essentially free of charge and on a "first come-first served" basis. A 1991 report recommends, however, that a usage-based cost recovery mechanism be developed to help fund the operation and expansion of video transport facilities and services. The state would continue to provide some support through direct, recurring appropriations.

Although distance education is centrally managed by SCETV, the 1991 report further proposes that an advisory council on academic programs of the state agency for higher education be authorized to compile, verify, and prioritize all demand for video transport services for distance learning applications originating in state-supported colleges and universities, and that the state establish a video advisory council—consisting of representatives from government, providers, and consumers—to assess needs, to recommend policy and procedures for all video resource allocations, consumption, costing, and funding, and to monitor all video transport service delivery.

Comprehensive Model

The Comprehensive Model of distance education, when compared with other models, has a more ambitious mission—to expand education opportunities to a broad range of student populations in a cost-effective manner. Of all the models, only the Comprehensive Model's approach is likely to see distance education as an instrument of policy. Often, its purpose is to increase participation in education. State-level planning, coordination, integration, and delivery in the Comprehensive Model is assigned to one institution or agency designated or created for this purpose. Such an agency may have degree-granting authority, with institutions also providing degree programs within the distance education system. In this model, the state facilitates a shared ownership and control of technology; and, individual institutions do not develop a separate technical capacity to deliver distance education.

Since the system is designed to provide access to and increase participation in education, the system is client driven. It serves large numbers of undergraduates seeking two- and four-year degrees, graduate students, and professional students. This range of service is made possible through the use of multiple instruction-delivery approaches, including print, electronic methods, and media.

With regard to costs, the state encourages variable pricing and the use of such available resources as public or cable television, private institutions or agencies, and pre-produced instructional courseware. Although there may be some course reimbursement by employers, students pay most course fees. Since a broad range of training programs, courses, and degrees at all levels is provided in the Comprehensive Model of distance education, the potential audience is large and the system is student centered. The designated distance education institution or agency develops, buys, and distributes courseware. Material from outside sources is used where possible and effective. Multiple methods and media, including print, allow for significant repeat use and longer shelf life for courses than in the other models.

The Comprehensive Model represents a collaborative distance education system. The designated distance education institution or agency takes advantage of resources from other producers and institutions. Multiple audiences are served in a planned, coordinated manner.

The advantages of the Comprehensive Model are seen at the state level. They include the ability of the state to set and carry out public policy goals about educational access, the ability to respond fairly and appropriately to many different groups of citizens seeking access to continuing education opportunities, the possibility of a broad range of courses and degree programs, cost efficiency from reduced duplication of resources and efforts, and program offerings that are driven by students' needs and interests.

The disadvantages of the Comprehensive Model include a limited ability to respond quickly to local needs, institutions' doubts about program quality that may affect transfer of credit, and the possible negative impact of educational or academic decisions being made by non-educators.

Comprehensive Example: British Columbia

In 1988, the provincial legislature in British Columbia created a public distance education organization, the Open Learning Agency (OLA), by merging two existing public agencies—an independent study ("correspondence course") course development center and an education telecommunications network. The missions of the Open Learning Agency are to increase the public capacity to provide education and training, especially at the postsecondary level, and to make learning more easily available. Legislators perceived the principal barriers to education as time, location, and cost. Their additional concerns in creating the Open Learning Agency, included (1) institutional capacity and program quality, (2) literacy and adult basic education, (3) university degree programs in underserved areas of the local government, (4) under-represented groups (including minorities and the disabled), and (5) admissions, credit transfer, and credit evaluation problems.

The Open Learning Agency was designed to provide a breadth of education opportunities, including general interest programs, noncredit courses, formal credit courses leading to certificates or diplomas in technical or vocational training, and undergraduate and graduate university degrees.

The three major components of the Open Learning Agency are (1) university courses and degrees, (2) sub-baccalaureate courses and degrees, and (3) an educational television network (90 percent of residents receive the signal, with a weekly home viewing audience of 650,000). The legislation creating the Open Learning Agency provides for an agency board and three planning councils, one for each of the program components. The councils, made up of representatives of the postsecondary institutions, business professionals, and community leaders, are key elements in fulfilling the agency's responsibility to coordinate the development of distance education. Their specific mandate is to identify program needs and foster inter-institutional collaborations, set priorities for development, and make recommendations to the Open Learning Agency Board.

The Open Learning Agency, which now offers more than 130 courses and enrolls more than 21,000 students annually, has a small staff of specialists—instructional designers, audio and video producers, graphic designers, and copy editors—who, together with subject matter experts and consultants, prepare courses and instructional programs. These are variously designed to be delivered to the home, workplace, or learning center using a variety of media. In addition to courses produced in-house, the agency also adapts courses and programs from other institutions and collaborates with other institutions in joint development projects. The agency publishes education materials in-house using electronic publishing technologies.

The primary source of funding for the agency is from the provincial government. Of its revenue budget of $19.9 million for FY1992, $16.3 (82.2 percent) was provided by the state; $2.5 million (12.4 percent), from student tuition and fees; and the remaining $1.1 (5.4 percent), from the sale of instructional materials, teleconferencing fees, overhead operations profit, and interest. With an anticipated annual enrollment of 21,000, the FY1992 cost to the state of providing distance education was estimated to be $777 per student ($6,116 per FTE).

Methods and media used to deliver instruction include a widespread network of telephone tutoring; interactive television; face-to-face group tutoring in seminars, workshops, lab sessions, or clinical practice; computer-assisted learning, audio teleconferencing and computer conferencing; audio graphics using Optel, a computer-based interactive image writing program; and self-study course materials which include texts, specially prepared course notes and workbooks, and for some courses, audio and/or videotapes, computer software, and lab kits.

A toll-free number for library service is available. Books requested are mailed to students free of charge from the library of one of the public universities, where the distance education librarian is located.

The university component comprises a wide range of courses and degrees developed and offered by the agency, as well as courses and degrees provided by the public universities—the University of British Columbia, Victoria University, and Simon Fraser University. Over twenty baccalaureate degree programs are offered, with the requirements for most available entirely through distance education. Included among these programs are baccalaureate degrees in education, social work, nursing, criminology, business, public administration, and over ten arts and sciences areas. In addition to degree programs, the Open Learning Agency and the public universities offer a wide selection of continuing education and professional development diploma and certificate programs.

The sub-baccalaureate component of the new agency consists of career-oriented instruction provided by the agency, by public community colleges, and by proprietary vocational technical schools. As with the university component, the agency and other cooperating institutions offer a wide range of courses, certificates, and diplomas. Included are adult education (literacy, English as a second language, adult basic education), such special programs as refresher courses for nurses and journeyman upgrading, one-year certificate programs in business management and other career-related areas, and two-year diploma programs in business management, general studies, and fire services. In addition to these programs, many other participating colleges and institutes provide a wide range of other courses and degree programs in such areas as agriculture, art, engineering technology, horticulture, and nursing.

The cost to students who take baccalaureate courses ranges from $35 per semester credit hour for lower division courses provided by the agency to $55 per semester credit hour for courses provided by the most expensive participating public university. The cost for sub-baccalaureate courses ranges from $35 per semester credit hour for career technical courses provided by the agency to $44 per semester credit hour for adult basic education courses. Students must also pay for textbooks and supplies, which vary from course to course, and an administration fee of about $22 per course.

Stakeholders in Distance Education

John Verduin and Thomas Clark argue—and conventional wisdom suggests that they are right—that most educators "would perhaps aspire toward a more student-centered" model of distance education, while those in government "would possibly dictate a more institution-centered approach" (1991, 171). Ironically, the findings of this study suggest the reverse: only the plans and actions of government agencies currently show a primary concern about better service to students.

In 1970, for example, the provincial government in Alberta created Athabasca University "to improve educational opportunities for adults in general" and later mandated that students be allowed "to enter and withdraw from the university at any time" according to "a polity of self-pacing and self-directed study" (Rothe 1986, 9). Similarly, in British Columbia it was the Ministry of Education and the legislature that established the Open Learning Institute and later combined it with Knowledge Net to form the Open Learning Agency. The agency's purpose was to "increase the availability of educational and training programs to meet the full spectrum of the educational needs of the adult population and to do so in a manner that would allow students to study part-time in their own homes" (Rothe, 19). A combination of financial inducements and government pressures persuaded the universities to collaborate with the Open Learning Agency (Bates 1993).

In Indiana, the Commission for Higher Education and the Indiana General Assembly have separately attempted, unsuccessfully, to force the institution-dominated Indiana Higher Education Telecommunications System (IHETS) to be more responsive to the educational access needs of undergraduate and nontraditional students. In 1987 the Indiana General Assembly enacted legislation that directed IHETS to establish and maintain a library of telecourses in lower division liberal arts and science areas. To date, IHETS's only response has been to commission a $20,000 telephone survey study from the Center for Survey Research at Indiana University in 1988 (no published report) to ascertain the level of interest on the part of ordinary Indiana citizens in having access to the open broadcast of credit-bearing, undergraduate courses. In 1988 the IHETS staff presented the findings (which showed an extremely high level of interest on the part of citizens) to the governing board of IHETS, which is made up of the presidents of the seven public institutions in Indiana and a representative of the independent colleges. After the board reviewed the results, it set aside the press release regarding the findings and made no further mention of the study. In 1991, in explaining its failure to comply with the 1987 legislation, IHETS complained that no funding was available for such a program. To date, IHETS has not requested funding for this purpose.

Data and experience suggest, then, that institutions do not clamor for the opportunity to meet the needs of underserved populations; rather they want institutional autonomy and ever-increasing levels of unconditional funding. Wade Gilley notes that a new breed of younger and more aggressive governors has been dismayed to find that universities are reluctant or even unwilling to define and tackle "twenty-first century issues and problems" but rather continue to submit routine "requests for money for generic issues and programs" (1991, 103–4). It is somewhat surprising, given the new climate, to learn that university presidents continue to complain about a lack of direction from the state.

Future Directions

Ironically, while universities seem indifferent to helping the state prepare for the future, they also seem ill equipped to face the future themselves. Ralph Killman predicts that the twenty-first century "will be full of organizational surprises." Traditional, hierarchically organized universities, for example, "are no longer working very well. . . . What we see, . . . is the emergence of 'the network' as the twenty-first century form of institution" (as quoted in Rossman 1992, 13–14).

Fortunately, developing the capacity to envision distance education as an instrument of public policy probably does not depend on restructuring or reforming higher education institutions: the responsibility for setting public policy rests with government. There is some evidence that government has begun to adjust its view of distance education. Of the various concerns expressed in the interviews and planning documents, the following were most frequently mentioned:

1. Technology is advancing so rapidly that it threatens to outstrip the capacity of existing structures (social, organizational, management) to manage it. This often-repeated comment reveals a growing awareness of the problems associated with a technology-driven distance education.
2. Institutions will develop their own distance education systems at the expense of statewide compatibility, as well as duplicating resources and efforts.
3. The current first-come-first-served policy about access to distance education resources and pathways undermines the state's efforts to meet any goal it has of expanding educational opportunities for underserved populations. Some planning documents recommend that priorities be set, either by the state or, at least, with state involvement.
4. While technical personnel have provided leadership in distance education in the past, academic personnel need to play an increasingly greater role in programming decisions and planning for distance education. A. W. Bates agrees that educators, rather than technologists should be in the driver's seat so that "learners are not run over by the technology" (1991, 10).

Other encouraging signs of change can be found, even at institutions. Glen Farrell and Margaret Haughey report that Canada's open learning systems have encouraged institutions to form "consortia arrangements [for] curriculum planning and materials development." They predict that the need for "collaboration at the planning stage of course and program development will intensify in the future." Government has made it clear that unwilling institutions "will find themselves on the sidelines of any substantial involvement in the open learning systems which emerge" (1986, 33).

Various proposals have been made for uniting technology and education in ever more sophisticated ways to better enable the United States and Canada to meet the demands of the coming century. Killman proposes a hub/network system which connects people electronically: At the hub "the traditional division of labor will be replaced by a contemporary division of knowledge organized according to new categories" (as quoted in Rossman 1992, 15). Rossman adds: "The hub will be responsible for organizing resources, setting goals, establishing priorities and programs, and keeping the network together" (ibid).

Gilley develops a similar model in what he calls the "distributed university." "In this model, each institute, like nodes on a computer network, is linked by telecommunications systems that can access the facilities of all the institutes on the network. This massive undertaking is an attempt to provide education of equal quality to all areas of the region, and develop interdisciplinary research and programs aimed at solving the region's and nation's most timely problems." A distributed university may have the following features: learning centers near students' homes; live, face-to-face instruction in fields such as engineering taught by local industry specialists; live, interactive instruction televised from remote sites, access to library resources via technology (enabling students both to search library holdings and order materials by computer); and, the ability for students to communicate with and submit work to professors via e-mail. This concept could be applied to K–12 and other types of education and training (1991, 171).

Gilley provides a strong rationale for distributed universities: "Because of work hours, traffic congestion, and other logistic factors characteristic of urban villages"—which he defines as "multiple concentrations of office, shopping, residential, and recreational facilities"—"main university campuses are becoming less convenient, therefore less accessible, to the learner. Yet, second-class operations such as branch campuses or extension centers are increasingly unacceptable to the sophisticated new American knowledge worker. Thus, the idea of a distributed university is gaining popularity in many fast-growing areas around the country" (1991, 173). Although the distributed university is uniquely suited to the needs of the urban village, it can meet the needs of other settings as well, such as "areas with sparse and widely distributed populations" or among populations "with a disinclination toward higher education," a population for whom it is doubly important to deliver high-quality, accessible education close to home. For, "realistically," Gilley argues, "only highly motivated learners can be expected to travel great distances for educational services" (1991, 173).

George Mason University, according to Edward Delaney and Donald Norris, is taking steps toward becoming a distributed university. George Mason has developed a plan to create a network of institutes throughout northern Virginia. The university intends to bypass the problems associated with branch campuses by "utilizing alternate faculty appointment contracts, telecommunications and other means of instructional delivery, supported by creative funding arrangements with local governments and industry" (1991, 168).

Rossman suggests an electronic and postsecondary version of school choice. When the appropriate educational technology linkages and resources are in place, governments could issue "electronic education vouchers" that would allow students to go electronically to any postsecondary institution they wish. Such vouchers, he argues, could serve not only traditional students, but also could become an instrument of policy for welfare reform and even foreign policy by replacing some traditional kinds of foreign aid, thus enabling the "world's poor to solve their own problems" (1992, 139).

In conclusion, the future of distance education is promising. There is, however, cause for concern about the current status of distance education in North America where a wide range of distance education delivery systems are supported in varying degrees by the states and provinces. In most, little planning and/or coordination takes place, let alone use of distance education as an instrument of public policy. It is not surprising that the current distance education systems often reflect the higher education systems of their various states. In states with more centrally managed higher education systems (e.g., Maine, Hawaii, Wisconsin), there is more state-level control of distance education. The models presented in this paper are snapshots and are intended to be descriptive only; the extended examples are designed to demonstrate the importance and potential impact of policy development. One has only to compare distance education operations in Illinois or Washington with those of South Carolina or, more significantly, with the Open Learning Agency in British Columbia to see that better planning and coordination can benefit government through cost efficiencies and a better-educated populace and simultaneously benefit citizens through expanded opportunities to achieve education and life goals.

Anthony Knerr argues that the United States may well be "at a major point of transition" and that the conceptual models of the past are not "adequate to shape appropriately the public policy considerations necessary for our future" (1990, 143). If this is, indeed, a defining moment for higher education and educational technology in North America, governments and institutions need to jointly reconceptualize their view of distance education and place it within the framework of public policy.

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From Vision To Reality

WESTERN GOVERNORS' ASSOCIATION

All western governors are feeling the press of increased demand on their state systems of postsecondary education. All recognize that the strength and well-being of both their states and the nation depend heavily on a postsecondary education system that is visibly aligned with the needs of a transforming economy and society. At the same time, the states' capacity to respond to these challenges is severely constrained by limited resources and the inflexibility and high costs of traditional educational practices and by outdated institutional and public policies.

The governors of the western states see the exploding availability and capabilities of advanced technology-based teaching and learning as a potentially powerful means to address these challenges, and to make cutting-edge educational and assessment services much more widely available. Therefore, the governors, meeting in late Fall 1995, charged a WGA design team with creating a design plan for a western virtual university to serve the region and an implementation plan through which such an entity could be established and financed.

These actions received the unanimous support of the governors present. The basis for this unprecedented gubernatorial support is the potential for a regional virtual university to serve a number of important shared goals. These include:

- expanding access to a broader range of postsecondary education opportunities for citizens of the West;
- reducing the costs of providing these opportunities and providing a vehicle for cost sharing;
- providing a means for learners to obtain formal recognition of the skills and knowledge they acquire through advanced technology-based learning—at home, on the job, or through other means outside the formal educational system;
- shifting the focus of education to the actual competence of students and away from "seat time" or other measures of instructional activity;
- creating high performance standards that are widely-accepted and serve to improve the quality of postsecondary education; and
- demonstrating new approaches to teaching and assessment that can be adopted by more traditional colleges and universities.

More broadly, the governors want to better link educational and business opportunities by ensuring that state investments in and use of information technology contribute to a technology-rich environment within which private industry can function and on which it can depend. Specifically, they feel that higher education has the potential to serve as an anchor tenant to spur the development of information technology networks within and among states in the West. To help move from vision to reality, this document spells out the governors vision for a western virtual university and lays out their plan for its design and implementation. To avoid any confusion over terminology, a glossary of key terms is provided at the end of this document.

> Living in a small community was everything Bob and Sarah Allen dreamed of when they moved from the city—no long commutes to work, beautiful scenery and a close-knit neighborhood. While they missed a few of the conveniences larger cities offer, the one thing they did not have to give up was having a first-rate higher education system close at hand.
>
> Through a western virtual university, both the Allens found solutions for very different educational needs, literally at their fingertips.
>
> As the CEO of a small software company, Bob discovered his programmers needed proficiency in C++ programming, but the nearest classroom training was three hours away. Through the regional Economic Development Council, Bob learned that other software companies were experiencing similar training challenges. Together, they approached the western virtual university and developed a set of expected competencies and assessment approaches for certifying C++ programmers. Using these established expectations, a competitive grants process was launched for courseware development. A joint venture between an in-state university and a private vendor won the development contract. Under the new program, every programmer's learning could be assessed continuously on-line, making certification of proficiency relatively easy. This certification gave Bob more confidence in hiring new employees, and it gave his employees the ability to prove their competence should workforce needs fluctuate and require them to move to another job.
>
> Sarah Allen had different educational needs. A long-time school counselor, she was ready to be her own boss. She set as her goal the creation of a private youth counseling practice. While she first had to go back to school to obtain the necessary professional certification, her family couldn't afford for her to give up her present job to do it. Bottom line—she had to continue working and attend classes when her schedule allowed.
>
> Sarah consulted the virtual university catalogue and found a program that offered the necessary certification through a combination of technologies—cable television, internet-based courses, and summer seminars—offered by an out-of-state university. As a bonus, an interstate agreement worked out by the virtual university allowed her to enroll at in-state tuition rates and receive transferable credits.
>
> For the Allens, living in a small community far from the nearest university no longer was an impediment to pursuing their educational or economic goals. Affordable, accessible higher education—that is the vision of a western virtual university.

What role will a virtual university play?

The vision of the western governors is decisively shaped by the growing availability and capabilities of advanced information technologies based on telecommunications and personal computers. These technologies are making possible an approach to postsecondary education founded on the premise of delivering instruction from anywhere, to anywhere, at any time. The barriers of time and place are eroding; opportunities to learn are everywhere.

While the potential is enormous, incentives are needed for these technologies to be more widely adopted in both teaching and learning. Students will not pursue alternatives to traditional higher education unless the learning they acquire is certified in ways that employers and colleges and universities recognize and value. Colleges and universities will be reluctant to embrace advanced technology without incentives to make necessary but potentially painful changes. And, without adequate access to traditional learners and institutions, private developers and users of advanced technology-based instructional material will be limited in their participation, or driven into separate, parallel markets.

The governors are looking to a regional virtual university to begin to create these incentives. They view its role as providing leadership and models for establishing markets for both certified learning and instruction, primarily by encouraging the action of others rather than functioning as a more traditional educational institution. Its three primary roles will be to:

- Expand the marketplace for demonstrated competence by assessing and certifying competencies and learning acquired in whole or in part via advanced technology, in ways that are recognized and valued by both employers and institutions of higher education. The intent is to provide individuals with a new currency that makes their learning portable in the market-places of employment and academe.
- Expand the marketplace for instructional materials, courseware, and programs utilizing advanced technology that have already been devised by public and private sector providers, and to foster interstate and public-private cooperation in the development of new instructional materials that respond to unmet needs in the region.
- Identify and work with the governors to remove barriers to the free functioning of these markets, particularly barriers imposed by statutes, policies and administrative rules and regulations at both the state and federal levels.

What will a virtual university look like?

Details regarding the structure and functions of a regional virtual university are yet to be determined. To begin the design process, the governors have endorsed a set of criteria. These criteria are intended to yield a virtual university that will be:

- market-oriented—focused on developing markets for certified graduates and a wide variety of instructional materials;
- independent—not controlled by those who represent established interests with regard to either the delivery of education or its certification;
- client-centered—focusing on needs of students and employers rather than instructional providers, e.g., flexible and responsive in instructional delivery rather than constrained by the fixed schedules and sequential structures typical of current educational delivery;
- degree-granting—empowered to grant certificates recognized by employers and degrees recognized by both employer's and the academic community, initially in a limited number of areas, but ultimately from associate to the graduate level across a broad spectrum of fields;
- accredited—fully accredited by regional and appropriate specialized accrediting bodies for the degrees and certificates it bestows;
- competency-based—grounding the certification of learning on the demonstration of competency rather than the accumulation of credits or experiences, or judgments about the quality of providers;
- non-teaching—not providing instruction directly, but drawing upon needed capacity wherever it exists, both in colleges and universities, and in the private sector and among individual experts as well;
- high quality—setting competency expectations for certification that will help raise levels of quality for all learners and providers;
- cost-effective—sharing information technology infrastructure, seeking other economies of scale, forging partnerships, drawing on existing educational resources, and reducing time to degree to the fullest extent possible to reduce the per-student costs of delivering instruction;

- regional—offering opportunities for participation to states throughout the West in a manner that is flexible and adaptive, and interconnected in ways that follow regional economic and social interest; and
- quickly initiated—not requiring lengthy study and developmental work but actually functioning and delivering benefits by the summer of 1997.

In summary, the governors expect a virtual university to be operating in the near-term through which instruction is accessible via advanced technology throughout the West at the learner's convenience, learning can be certified to the satisfaction of both employers and academic institutions through the assessment of competencies, and states and the private sector will share in the development and use of conventional materials. To realize this vision, the governors called for creation of a design plan which is described in the following sections.

Design Plan

The timetable agreed upon by the governors calls for completion of the design plan and recommendations for implementation it by their annual meeting in June, 1996.

Project Organization

The project has been organized to move forward with leadership by the region's governors and extensive input from higher education and business leaders and other stakeholders. The effort is being managed by the Western Governors' Association staff.

Design Team—WGA has put together a core design team responsible for preparing this vision statement and design plan. The design team will be responsible for implementing the workplan. Membership on the design team may be adjusted over time to reflect different areas of expertise required as a virtual university moves forward.

Regional Advisory group—Each participating governor will serve on a regional advisory group and name up to three additional individuals to serve on it, providing input from a broad range of stakeholders. The governors may name designees to represent them. Additional members will be drawn from among prominent leaders in industry academia, participating corporate supporters and other interested communities. The governors and their designees will constitute a steering committee of the regional advisory group to provide leadership and decision making on questions of policy and procurement. Other group members will serve in an advisory capacity to the governors. The regional advisory group will provide feedback on work products to the design team, and serve as spokespeople for the initiative within the region and throughout the nation. The governors may adjust the regional advisory group's membership over time as needed.

State Advisory Groups—Each governor may also establish a state advisory group for communicating with broad stakeholder groups within their state.

Workplan

The design plan for a virtual university consists of five tasks.

Task 1: Enhancing the Marketplace for Demonstrated Competence
Task 2: Enhancing the Marketplace for Instructional Materials
Task 3: Organization and Financing

Task 4: The Policy Environment
Task 5: Communications

Task 1: Enhancing the Marketplace for Demonstrated Competence

A fundamental role of a virtual university is to make a broader range of learning opportunities more accessible to citizens of the West through advanced technology. Underlying Task 1 is a key premise that these opportunities will be far more valuable to individuals and society if competencies resulting from such learning are widely accepted and recognized. The purpose of Task 1 is to determine how a virtual university can enhance the marketplace for demonstrated competence through certification that is widely accepted both by employers and traditional institutions of higher learning. This will be accomplished by developing and testing a prototype of the process for specifying expected competencies and employing assessment methods. Subtasks include:

a. Compiling information about alternative methods available for determining level of competence in the various domains of learning—basic skills, vocational skills, disciplinary knowledge, etc.—and analyzing their strengths and weaknesses. This information will provide guidance for subsequent prototype development.
b. Identifying areas in which expected competencies and assessment methods are currently available. These run the gamut from statements of needed workplace skills described by the U. S. Education Secretary's Commission on Achieving Necessary Skills (SCANS) to statements of required competencies and associated assessments currently being used in a number of the licensed health care Professions (allied health fields, nursing, etc.).
c. Based on recommendations of the Regional Advisory Group—supported by private market research and the conclusions of industry partners—selection by the governors of a small number of "high demand" areas for which expected competencies and assessment methods are not now available. Possibilities include:
    - math and English skills that are commonly required as a precondition for entry into college-level work;
    - a vocational skill area of particular importance to high technology industries in the West, selected in cooperation with private partners with a demonstrated interest in participating in this activity; or
    - the content of a transferrable Associate of Arts degree, or the major components of such a degree, such as basic skills, higher order academic skills, or general education.
d. Developing illustrative sets of expected competencies with the involvement of skill and content experts in each identified area, and their review and improvement by participating public and private partners who will be "customers" for graduates expected to possess these competencies: i.e., employers and faculties of colleges and universities.
e. Developing suggested methods for assessing and certifying the extent to which individuals possess the competencies identified in (d), with the involvement of experts in assessment. Proposed assessment methods will also be reviewed by both participating skill and content experts and public and private partners in an effort to determine the degree to which these methods might yield widely accepted evidence of competence.

Deliverables: Prototype expected competencies and assessment methods in selected areas and a pilot test of the process. This task will provide the governors with concrete examples of how a virtual university could enhance the marketplace for demonstrated competence.

Timeline: Tasks 1(a), (b), and (c) will be completed by mid-February with (b) ongoing. Task 1(d) will be completed by late March and task 1(e) by early April, although review and refinement will be ongoing. A project timeline is provided at the end of this document.

Task 2: Enhancing the Marketplace for Instructional Materials

Three premises underlie this task. First is that considerable advanced technology-based instructional material has already been developed in both the public and private sector's which could be made more widely available to citizens of the western states if markets and networks were sufficiently developed. Second is that expanding this inventory significantly is beyond the means of individual western states; cooperative efforts will be necessary both interstate and with the private sector. Third is that many learners will need access to a variety of student services to support their participation in this new learning environment. Subtasks include:

a. Collecting best practices in the implementation of advanced educational technology. An audit will be conducted of instructional material providers who have overcome infrastructure. Interconnectivity, and other technical barriers in providing access to advanced technology-based education. This audit will be used to develop prototype technology standards to be used in soliciting materials from instructional providers
b. Constructing a virtual catalogue. A standard protocol for describing available advanced technology-based programs and courses will be developed with the involvement of providers from institutions of higher education and the business community. A prominent feature of this protocol will be requiring an explicit statement of the competencies that should be achieved upon completion, as well as an indication of the assessment methods that will be employed to certify these competencies. Another feature will be a set of criteria for comparing catalogue entries against recognized good practice in advanced technology-based education. Once the protocol is adopted, public and private providers will be invited to prepare entries that describe their advanced technology-based offerings for inclusion in a regional on-line virtual catalogue.
c. Developing specifications for new materials. Using the results of Tasks 1(c), (d), and (e), a model request for proposals (RFP) will be developed to solicit bids from providers interested in offering advanced technology based learning materials through a virtual university which address the areas of competency that have been selected. The model RFP would indicate at least the technical requirements for delivery, the competencies expected to result, and the conditions under which materials could be reviewed by prospective learners. The model RFP will be written in such a way that providers in both the public and private sectors can respond.
   In addition, representatives of states and higher education systems that maintain set-aside funds to support the cooperative or competitive multi-institutional development of learning materials will be asked to review the model RFP and suggest modifications. They will also be asked to indicate their willingness to pool resources to support the development of learning materials. Further, a dry-run bidders meeting will be conducted with potential providers to identify desired modifications to the model RFP that would make potential bidders more willing or able to respond.
d. Recommending specifications for providing support services. Specifications will be developed for providing support services that will need to be available to learners in consultation with the variety of public and private sites currently supporting learning through advanced technology. Support services include administrative information, registration, advising, library services, and financial aid. Suggestions will be provided for ways in which learners might gain access to such services from home, their workplace, local college or university, or other distributed learning sites.

Deliverables: Prototype elements of the marketplace for instructional materials, including best practices in technology implementation, a prototype virtual catalogue and test of its use, a model RFP for soliciting new materials, and recommended specification for support services for learners.

Timeline: Task 2(a) will be completed by early April and be ongoing. Task 2(b) will be completed by early March. Tasks 2(c) and (d) will be completed in early April, with review and refinement ongoing.

Task 3: Organization and Financing

The organization of a virtual university will determine the relationships among its founding state sponsors and with its customers and providers. Several organizational arrangements are possible for a virtual university, from a memorandum of understanding to an interstate compact. Each of these arrangements has specific strengths and weaknesses. Based on the proposed functions of a western virtual university emerging from Tasks 1 and 2, a set of options for organization and governance will be prepared for consideration by the governors. An evaluation of the pros and cons of each will be provided, and recommendations will be offered on the most appropriate approach based on the governors' goals and criteria and recommendations from the Regional Advisory Group.

The financial implications of a virtual university will also be examined, from the perspectives of sponsors, customers, and providers. Implications for state sponsors include whether a virtual university can or should be self supporting or receive state assistance, and whether it is expected to be cost effective relative to traditional modes of delivery. This analysis will need to distinguish between start up and recurring costs. Implications for customers—individuals, institutions of higher education, and businesses include their expected costs for instruction, assessment, and support services, and the availability of student financial aid.

Implications for providers include how revenues will be distributed among providers of instructional materials and support services, and how the development of new materials will be financed and yield a return on investment. The governors will need a thorough assessment of the financial outlook for a virtual university prior to making decisions about implementation.

Deliverables: Analysis and recommendations for the governors on an approach to organization and financing for a western virtual university.

Timeline: Task 3 will be completed by May with refinement ongoing.

Task 4: The Policy Environment

Each participating state has a set of existing laws, regulations, and policies that will affect the ability of the governors to bring a virtual university to life. Also important are the policies and procedures of accrediting bodies and the federal government (particularly, for the latter, student financial aid policy). Intellectual property issues concerning instructional material must be addressed. To ensure that the design plan recognizes and addresses critical issues raised by the existing policy environment, barriers must be identified and strategies developed through which they can be overcome. Subtasks include:

a. Preparing a prospectus for a virtual university. Drawing on the results of Tasks 1, 2, and 3, a prospectus will be developed that describes the proposed approach to organization and financing, and the range of specific actions in which a virtual university might be expected to be engaged.

b. Meeting with accrediting bodies. The governors will meet with representatives of regional and specialized accrediting bodies to test this prospectus against established rules, and to explore any reasons why a western virtual university might have difficulty in attaining full accreditation. Approaches to resolving such difficulties will be explored.
c. Conducting policy audits. Background research and interviews will be conducted in selected participating states to test the prospectus against the existing policy environment and to identify specific areas where state or federal laws, regulations, or policies might act as barriers to the smooth functioning of the market for demonstrated competence, the market for interstate development and distribution of learning materials, or other operations of a virtual university. Private partners and other industry leaders, professional and licensing associations, providers of postsecondary education, state higher education officials, and others will be interviewed for their perspectives.
d. Addressing intellectual property protection. A legal framework for a virtual university will be developed that will provide those contributing instructional materials with strong intellectual property protections.
e. Developing a guide to good practice. Based on the information provided in (b), (c), and (d), a Guide to Good Practice in Implementing a Western Virtual University will be developed. The Guide will describe state and federal policies and procedures, as well as accreditation requirements, that should be in place to support the functioning of a virtual university.

Deliverables: A Guide to Good Practice in Implementing a Western Virtual University will be proposed to the governors that lays out major barriers and strategies for overcoming them. The Guide will be based on testing a detailed prospectus for a virtual university against current accreditation requirements and audits of the state and federal policy environment.

Timeline: Tasks 4(a) and (b) will be completed in mid-April, Tasks 4(c) and (d) by early May (with both tasks ongoing), and Task 4(e) by early June.

Task 5: Communications

The design plan explicitly seeks to inform and engage interested parties in matters of substance at every step. Subtasks include:

a. Publishing materials about a western virtual university. The vision statement and design plan will be published in early February. On or before March 1. WGA will begin publishing a monthly newsletter providing updates on its SmartStates initiative, including a western virtual university. Initially, the audience will include all western governors and their staffs, members of state and regional advisory groups, public and private partners, regional and national media, and individuals who attended the WGA Higher Education and Technology Leadership meeting in late 1995. The newsletter will be available upon request from any other participants and interested individuals. Final recommendations to the governors for a virtual university will be published and distributed to interested parties in June, 1996.
b. Using the Internet. A WGA SmartStates home page is being established on the World Wide Web (*www.wga.gov/smart* as of 2/19) which will include an area for a western virtual university. Newsletters and other public documents, including the vision statement and design plan and final recommendations, will be available on the home page.
c. Conducting public workshops. Workshops will be held in each of the participating states during implementation of the design plan to ensure adequate opportunity for comment from learners, educators and the business community. Each state's representatives on the advisory group steering committee will chair the workshop, and at least one member

of the design team will attend. Results of design plan tasks will be summarized on the SmartStates home page and in the monthly newsletter prior to public workshops.

d. Holding press briefings and editorial board visits. The western governors will carry the vision and plans for a western virtual university to the regional and national media as opportunities allow.
e. Creating state and regional advisory groups. As discussed above, each participating governor will name up to three members to a regional advisory group. These citizens, drawn from participating corporate supporters and other industry leaders, academia, and other stakeholder communities, will serve as reviewers and spokespeople for the initiative as well as a sounding board for the governors.

Deliverables: Task 5 will provide the governors with a robust communications effort for a regional virtual university, including a newsletter, information on the Internet, workshops, and press and editorial briefings. Public outreach and input will also be achieved through state and regional advisory groups.

Timeline: Deliverables from Task 5(a) will be available on at least a monthly basis. Task 5(b) will be initiated by mid-February and will be ongoing. Tasks 5(c), (d), and (e) will be ongoing.

Conclusion

In the Charge issued at their December 1995 winter meeting, the western governors called for a team to prepare a conceptual design for a western virtual university defining its key characteristics and an implementation plan through which such an entity could be established and financed. This document represents a major milestone in carrying out that charge. At the governors' direction the workplan described above will be executed to render a series of deliverables during the next six months that, taken together, will constitute a detailed conceptual design for a regional virtual university. Recommended actions will then be presented to the governors at their annual meeting in June 1996 that will enable them to move from conceptual design to implementation.

Glossary of Terms

Accreditation
The process of certifying that a provider of postsecondary education has met minimum standards of quality, organizational functioning, and fiscal viability.

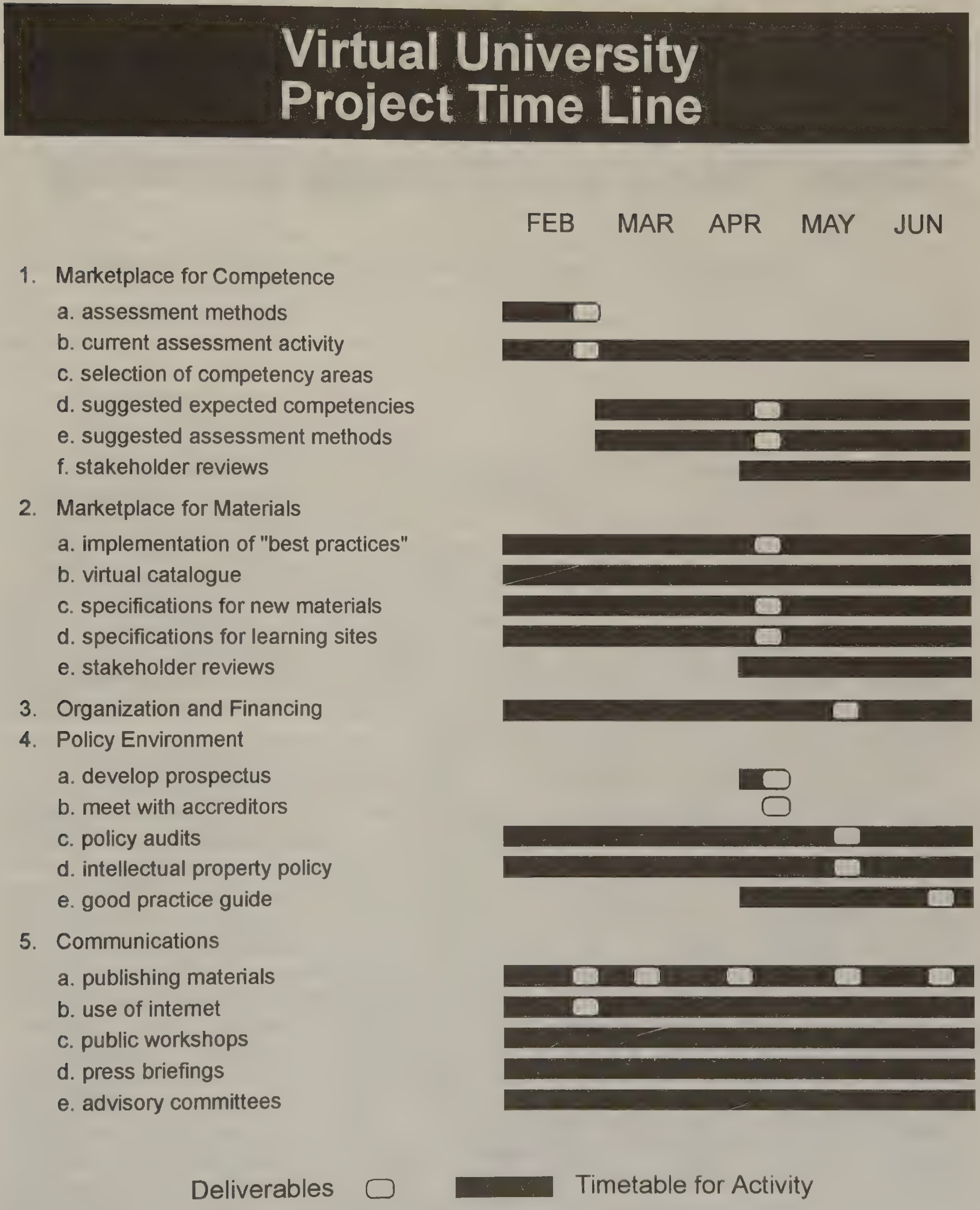
Assessment
The means for determining presence of the proficiency or competency in questions.

Certificate
A document providing validation of an individual's proficiency/competence in a specified skill area. Primarily a mechanism for indicating presence of requisite job skills to employers.

Certify
To provide an assurance that an individual has demonstrated proficiency or competence in a skill or content area.

Credential
A document providing validation of an individual's proficiency/competence in a broader range of skill and content areas. Primarily a mechanism for indicating attainment of knowledge and skills in a way appropriate to an academic customer.

Standard
The level of attainment that must be demonstrated before competence/proficiency will be certified.


Virtual University
Project Time Line
FEB
MAR
APR
MAY
JUN
1. Marketplace for Competence
a. assessment methods
b. current assessment activity
c. selection of competency areas
d. suggested expected competencies
e. suggested assessment methods
f. stakeholder reviews
2. Marketplace for Materials
a. implementation of "best practices"
b. virtual catalogue
c. specifications for new materials
d. specifications for learning sites
e. stakeholder reviews
3. Organization and Financing
4. Policy Environment
a. develop prospectus
b. meet with accreditors
c. policy audits
d. intellectual property policy
e. good practice guide
5. Communications
a. publishing materials
b. use of internet
c. public workshops
d. press briefings
e. advisory committees
Deliverables
Timetable for Activity

The Effect of State Policy on Undergraduate Education
State Policy and College Learning

DENNIS P. JONES AND PETER T. EWELL

Introduction

The quality of undergraduate education, particularly of that component commonly referred to as general education, has become an issue of widespread concern. Educators consistently reflect this concern in reports such as *Involvement in Learning: Realizing the Potential of American Higher Education and Integrity in the College Curriculum.* Corporate leaders decry the absence of communication and problem-solving skills in recent college graduates while acknowledging their capacity to deal admirably with the more narrow aspects of technical knowledge that increasingly dominate the college curriculum. Most recently, the nation's political leaders have added their considerable collective weight to the call for improved undergraduate education. In establishing national goals for education, the President and governors called for substantial increases in "the proportion of college graduates who demonstrate an advanced ability to think critically, communicate effectively and solve problems."

There is no question that these expressions of concern, coming from different quarters but consistent in their message, have helped place the improvement of undergraduate education near the top of the agenda of educational reform. To further that agenda, many states are fostering policy initiatives. Categorical and incentive funding programs designed to improve undergraduate education have been created. Assessment programs that require specific attention to the outcomes of undergraduate education, and particularly its general education component, have been established. And increased attention is being directed toward more sharply differentiated institutional missions, with the intent to reinforce the undergraduate teaching missions of specified institutions. Moreover, as fiscal conditions tighten, policymakers are drawing increased attention to demands that institutions concentrate more on what many see as the "main business" of undergraduate instruction. The result has been accelerating interest in issues of faculty workload and considerable pressure for college faculty to spend more time in the classroom.

But, in spite of these initiatives, there is as yet little sense of the most important steps to be taken at the state level. This is not surprising. As with most problems in education, establishing an agenda and initiating action are relatively easy steps; *sustaining* that agenda and carrying it through to a successful conclusion are considerably more difficult. Sustaining efforts to improve the quality of undergraduate education is particularly difficult because the task is inherently complex, long time-frames are required to institutionalize changes, and many factors can attenuate state policy actions before they reach the point where they affect teaching and learning.

Undergraduate education transcends the boundaries of the normal discipline-based organizational structure of colleges and universities. The teaching of good communication skills is not the sole responsibility of English or speech departments; the teaching of analysis or problem-solving skills should not be assigned only to the mathematics department. To be effective, such skills must be taught "across the curriculum" by faculty who are committed to common education goals and who have found ways to work together regardless of the boundaries of formal organization. Thus, good practice in undergraduate education most frequently thrives outside bureaucratic structures upon which state policy must typically rely to effect change. This makes sustaining change particularly difficult because the organizational contexts within which it most often takes place often appear so ephemeral.

Improvements in undergraduate education also depend upon the presence of a supportive institutional environment and culture. Through direct incentives and regulation, the state can undoubtedly cause educational reforms to be initiated. *Sustaining* reform, however, requires long-term institutional and faculty reward structures, both formal and informal, that will collectively reinforce the pursuit of needed improvement. It is difficult to sustain attention to undergraduate education, for instance, when research and publication are the criteria that weigh most heavily in decisions about faculty promotion and tenure. It is equally difficult to sustain attention to general education or the development of critical cross-curricular initiatives when both faculty and administrative attention is heavily focused upon majors and individual disciplines.

Individual institutions, moreover, can usually do little on their own to affect this dominant culture. Because the academic marketplace is driven by disciplinary prominence, the institution that moves too boldly in emphasizing cross-disciplinary initiatives among its faculty risks losing that faculty to other institutions where reward structures are more traditional. This condition particularly highlights the need for *systemic* approaches to the problem that recognize the continuing power of these incentives.

The structure of the higher education enterprise itself also tends to block improvement. The quality of undergraduate education is largely determined at the most discrete level and without formal organization. The loosely knit groups of faculty that often congregate to address issues of undergraduate education, and the academic departments that serve as the primary focus of colleagueship and curriculum development in colleges and universities, are many layers removed from state policymakers. There is generally a minimum of two intervening layers of academic management within a college or university—the college or division and the institution itself. Policies, once set, are often filtered through coordinating boards and system offices. Finally, external bodies such as accrediting agencies exist outside the institutional governance structure, with the power to influence institutional behavior for better or worse. All have the potential to reinforce a state policy initiative or to diminish its effects. In the absence of extraordinary measures to *align* mediating influences, their presence will tend to erode intended effects.

At the same time, the typical ways in which state policy are developed and implemented may themselves work against success. Most state policies and legislative actions are formulated in isolation. As a consequence, it is common for state policies that were established to improve undergraduate education to be effectively negated by other equally well-intentioned initiatives targeted at increasing research productivity, balancing political demands for access of different geographic regions in the state or increasing public accountability.

All of this suggests that any state-level initiative designed to enhance the quality of undergraduate education will be launched into an environment that at best will provide uncertain nourishment. It is not that there are conspiracies against such initiatives, although active resistance can occur. Rather, complex forces at work in the environment as a whole naturally tend to block change of any kind. This is not to suggest that state policy cannot have a significant impact on teaching and learning. But it does suggest that state policies must be consciously fashioned in ways that recognize both the specific nature of good practice in undergraduate education and the existence and effects of the many factors that influence their achievement.

Purposes

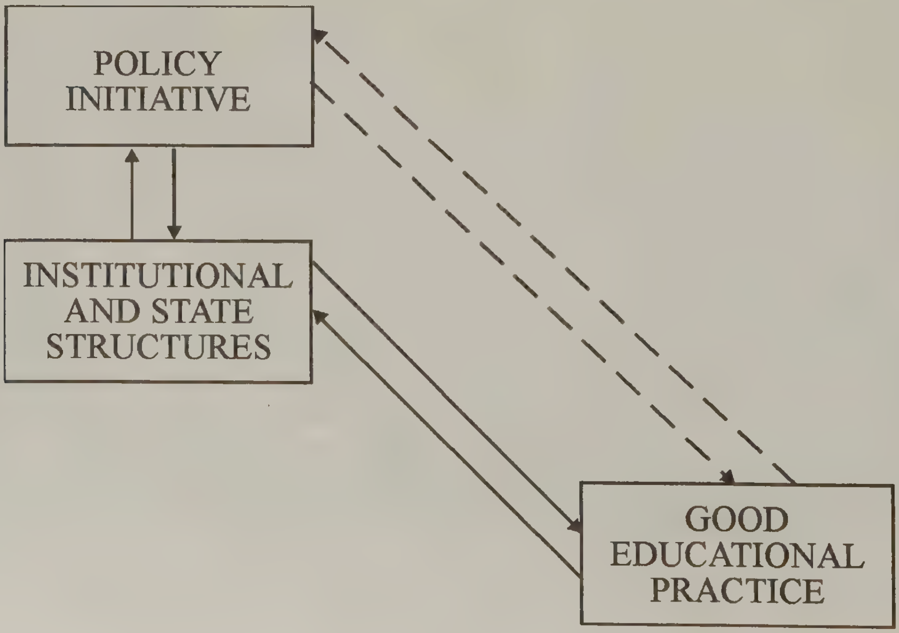
This paper is designed to assist in the construction of an "audit" of the relationships between state policy and improved undergraduate education. Consequently, it contains an analysis of many of the factors that must be considered in assessing the extent to which state policies promote or impede good practice in undergraduate education. This analysis:

- Identifies some *characteristics* of good practice that past research has shown to be related to both enhanced learning and student satisfaction.
- Identifies *mediating influences* of institutional structure and culture that can serve either to moderate or amplify the impact of state policy.
- Identifies important *factors at the state level,* including culture, policy and the ways in which policy is implemented, that influence the quality of undergraduate education.

Naturally, the conceptual structure presented here lacks the level of detail necessary to understand the particular impacts of state policy across all institutional and political settings. But the ideas presented can provide a common starting point for further elaboration and ease the synthesizing of the findings of independent inquiries.

Conceptual Overview of Improvement

This section proposes a conceptual scheme that details and relates three critical components of state policy for undergraduate improvement. First, it describes major characteristics of good practice in undergraduate education. These characteristics are drawn from such sources as the *Principles for Good Practice in Undergraduate Education* (Gamson and Chickering 1986), *Involvement in Learning* (NIE Study, Group on the Conditions of Excellence in American Higher Education 1984) and more recent research literature on the impact of college on students (for example, Pascarella and Terenzini). Second, the scheme identifies major elements of structure and culture that mediate the effects of state policies. These factors help determine the environment within which teaching and learning occur, and which therefore should be a major target of



state policy. Finally, the chapter enumerates major categories of state higher education policy and the policy forms that enhance or detract from good practice.

Taken together, these three components provide a language for describing the relationships between policy action and improved educational practice. The following diagram represents the basic relationships among policy initiatives at the state level, good educational practice in colleges or universities, and the mediating influences of state and institutional structure and culture. As the diagram suggests, state policy may have some direct impact on educational practices, but could more strongly affect these practices indirectly by the way it shapes institutions and their behaviors.

The diagram suggests two additional points. First, state policy actions can be constructed explicitly to "end run" the influences of institutional structure and culture by initiating or rewarding institutional actions directly. Experience indicates that this may be an effective way to *initiate* a particular new effort. Note, for example, the prevalence of specially funded pilot state projects. But experience also suggests that new ideas readily fostered by such mechanisms are often not sustained without modifying or creating structures and incentives in which they can operate.

A second point suggested by the diagram is the need to take a "bottom-up" approach to improvement, recognizing that the real initiative for change resides at the faculty/department level. The pertinent question here is the extent to which state policies and other factors serve as *barriers* to appropriate changes that arise naturally at the local level. The issue is not so much how the state can promote improvement through proactive policy, but rather how it can stay out of the way of those closer to the problem.

Characteristics of Good Educational Practice

Considerable research on the characteristics of good practice in undergraduate education has resulted in a relatively short list of factors likely to provide students with superior learning experiences. All are visible in different aspects of instruction, particularly in curricular design, faculty teaching practices and patterns of student experience and behavior.

1. *High Expectations.* Research at both the K–12 and postsecondary levels has demonstrated that students learn more effectively when expectations are high but attainable and when these expectations are clearly communicated from the outset. When students are expected to take risks and to perform at high levels, they make greater efforts to succeed. Absent this kind of encouragement, they tend to choose "safe" learning alternatives that allow little room for developing their full potential. In contrast to more conventional notions of "academic rigor," moreover, students should not be left on their own to reach set standards. Instead, both the institution and its faculty must actively work to help them succeed.

   High expectations must be consistently manifested throughout the institution in curriculum, environment and teaching practice. In the curriculum, for instance, they can be communicated by such practices as not awarding credit for remedial or "non-college" work, by clear and enforced policies on academic good standing and by clear requirements that both syllabi and program descriptions communicate expected outcomes. In teaching, high expectations are communicated by the faculty in the form of clear statements of expected performance early in each course, by examinations and exercises that require students to demonstrate higher-order cognitive skills rather than simple factual recall and by active efforts to help students attain established goals. In the wider environment, high expectations are communicated by campus activities that demonstrate and reward academic excellence, by policies that encourage students to enroll in advanced courses outside their major field and by policies that encourage students to finish the courses in which they initially enroll and to persist in general.

2. *Coherence in Learning.* Students also succeed best in developing valued higher-order skills when such skills are reinforced throughout their educational program. This means, at a minimum, that students' learning experiences should consist of more than merely a required number of courses or credit hours. Instead, the curriculum should be structured in a manner that sequences individual courses to reinforce intended outcomes and that consciously directs instruction toward collective ends.

   In curricular design, coherence is manifested in required course structures and sequences, particularly in the general education component. Courses should be intentionally interrelated in coverage and expectations, with key learning objectives built in throughout. In teaching practice, moreover, faculty should encourage students to make connections across courses, disciplines and fields of knowledge, either by using material from other courses and settings as examples or encouraging students to create projects that relate two or more courses. Finally, the campus environment itself should encourage coherence by providing multiple opportunities to make connections among major academic themes, for example, through lecture series or cultural events.

3. *Synthesizing Experiences.* Students also learn best when they are required to integrate knowledge and skills. Typically in baccalaureate curricula, this involves a senior seminar, project, external examiner or thesis that requires a synthesis of knowledge and a demonstration of independent inquiry or application. But such experiences are appropriate at multiple points in a student's career and should not be confined to upper-division or baccalaureate programs. In curriculum design, the existence of "capstone" or integrative experiences as a requirement for graduation often indicates institutional commitment to this principle. And in teaching practice, it is reflected in the degree to which faculty require students to demonstrate ability to connect key facets and concepts. Finally, students should actively seek such syntheses in projects and activities that they undertake on their own.

4. *Integrating Education and Experience.* Classroom experiences are both augmented and reinforced by multiple opportunities to apply what is learned. In professional curricula, opportunities abound in such mechanisms as formal practice, internships or cooperative education arrangements. However, they are generally lacking for undergraduate education as a whole.

   Curricular designs consistent with this principle require all students to complete an internship or similar experience as an integral part of their programs. And rather than being independent activities, these experiences should be directly and formally related to classroom work. Where appropriate, curricula consistent with this principle also allow degree credit to be awarded for planned, education-related work experience. In teaching practice, faculty should refer consistently to work-related or practice-oriented applications of their subjects. Often, the best examples of this occur when faculty "model" their own work in the classroom. Similarly, work-related practice can be reinforced through rethinking policies regarding student assistance, for example, emphasizing the role of college work-study as an alternative to more conventional forms of financial aid. Finally, the institutional environment itself should provide multiple opportunities for students to engage in education-related work even where there is no programmatic requirement that they do so.

5. *Active Learning.* At all levels, students learn best when they have multiple opportunities to demonstrate skills. For example, rather than relying exclusively on instructional settings that emphasize passive listening (e.g., lectures) in introductory courses, this implies frequent discussion of presented class material, considerable written work and the application of learned material to new settings or contexts. Student assessments, rather than being based entirely on information recall, should require active demonstration of synthesis and application. In curricular design, this principle dictates that a

significant number of classes should be small or structured in a way that allows active interchange among students and faculty. In the classroom, faculty should use pedagogical techniques that require students to be actively involved. These techniques include structured discussion, frequent writing, independent projects or other applications-related exercises, and information-gathering tasks. Finally, the institutional environment should exhibit multiple opportunities for informal academic interchange among students in discussing class material and between faculty members and students in different disciplines.

6. *Ongoing Practice of Learned Skills.* A common research finding in both K–12 and postsecondary study is that unpracticed skills quickly atrophy. This is particularly the case with such core skills as computation and writing which, if not reinforced, inevitably deteriorate. Good practice consistent with this principle requires multiple opportunities for students to exercise such valued higher-order skills as communication (written and oral), critical thinking and problem-solving or basic quantitative techniques. It also requires that students demonstrate such skills at appropriate levels as a condition for graduation.

   Consistent with this principle, curricular designs should reflect a need to practice and reinforce such skills throughout the curriculum instead of particular skills being made the sole responsibility of particular departments or courses. Furthermore, requirements should be designed so that students cannot avoid classes that enhance or develop these skills. At the same time, faculty must require a significant amount of "practice" in classroom assignments, particularly in writing and quantitative reasoning. Indeed, the notion of "practice" should be internalized as a primary element for certifying mastery.

7. *Assessment and Prompt Feedback.* Frequent feedback to students on their own performance is also a major contributor to learning. Typically in college classrooms, students receive little formal feedback on their work until well into the term. Consistency with this principle demands far greater attention to providing students with information about their own performance. This is necessary both within courses and through advisement processes and experiences that give students an opportunity to assess more broadly what they have learned. At the same time, early classroom assessment allows faculty to determine the many levels of student abilities and backgrounds and can suggest some strategies for dealing with this diversity.

   In curriculum and academic policy, consistency with this principle demands early assessment of students' abilities on entry to college and an active effort to remediate identified deficiencies. In course and curricular design, students should be required to demonstrate or exercise their skills in short exercises throughout the term, rather than only on a mid-term and a final exam. In teaching practice, consistency with this principle demands "quick turnaround" of assignments and an assessment that identifies students' specific weaknesses and how they might be improved. At the same time, through such techniques as "classroom research," faculty should actively monitor how the class as a whole is progressing and what needs greater emphasis, and make modifications accordingly. Finally, in advising and in the wider environment, students should be encouraged to take classes that will help them strengthen weak areas, not just reinforce areas in which they are already strong.

8. *Collaborative Learning.* Students learn better when they are engaged in a team effort rather than being entirely on their own. Working with others increases involvement and provides multiple opportunities for feedback. At the same time, it reinforces communication and problem-solving skills. At least as important, working together is the way the world outside the academy works, a world that students will soon face. Research also suggests that collaboration is a useful model for faculty/student interaction. Rather than being a "judge" of student performance, the best teachers act as "coaches," working with students as joint participants in achieving a common goal.

Consistent with this principle, curricula should be designed to incorporate group projects, either within or outside class, and classes structured to promote such interaction. At the same time, instructors should use pedagogical techniques that require students to interact with one another, often in the context of group research projects or problem-solving exercises. Finally, the campus environment should be structured to foster and sustain informal collaborative activity in academic areas, such as study groups and academically related clubs and organizations.

9. *Considerable Time on Task.* Research also confirms that greater investments of time in learning yield greater payoffs in terms of what and how much is learned. How an institution defines its expectations of the ways students and instructors should use their time can powerfully influence the quality of learning that occurs. At the same time, visibly emphasizing time on task helps students learn how to plan more effectively, manage their time and focus their energy.

   In the curriculum, consistency with this principle suggests course designs that allow adequate time for practicing skills in addition to the time set aside for more formal instruction (for example, laboratories and workshops). It also suggests a more directive approach to shape the use of students' out-of-class time in line with instructional objectives. At the same time, faculty should devote considerable time to the task of undergraduate instruction, including (in addition to classroom instruction and preparation) student advising, substantial office hours, out-of-class contact with students and scholarship related to teaching in their disciplines. Finally, the campus environment should be consciously structured to enhance greater time on task by encouraging students to spend out-of-class time on academic rather than social and other pursuits. Study spaces should be available and well-used in the library, residence halls and other public areas, and there should be mechanisms such as "living/learning communities" to facilitate group study and other collaborative efforts.

10. *Respect for Diverse Talents and Ways of Knowing.* Students come to college with vastly different backgrounds, levels of preparation and kinds of previous experience. At the same time, regardless of background, different students may learn effectively in quite different ways. Good practice demands carefully designing curricula and instructional efforts to meet this expected variety. Diversity, moreover, can itself be of instructional value. Not only should individual ways of knowing be respected and students allowed to capitalize on their strengths, but diversity also should be harnessed for the insights it can provide on the subject matter taught. Instructional approaches that actively tap prior student and faculty experiences, and that highlight the differences in those experiences, can be particularly effective.

    In the curriculum, consistency with this principle means that students should be able to create programs that "play to their strengths," particularly in lower-division courses. One implication may be that the student's first year is not devoted solely to conceptual "introductory" coursework, but also the kinds of "hands-on" courses typically taught later in a curricular sequence. At the same time, faculty should focus on teaching methods that are receptive to a full range of student learning styles and orientations, for instance, emphasizing practical applications in conceptual courses, and emphasizing connections with theory in applied courses. Finally, the campus as a whole should actively support diversity in both its programs and behavior. Students of diverse backgrounds ought to interact actively. Informal mechanisms should be available for students to learn from one another.

11. *Frequent Student-Faculty Contact.* Considerable research suggests that frequency of out-of-class, academic contact between faculty and students is a strong determinant for both program completion and effective learning. Knowing a few faculty members well enhances students' intellectual commitment and encourages them to think about their own values and future plans. At the same time, through such contact students are able to see faculty less as "experts" than as role models for ongoing learning.

In the curriculum, frequency of contact can be enhanced by designs that emphasize occasions for contact as well as simply time on task, for example, scheduling three one-hour class meetings in preference to one three-hour session. In parallel, classes should be small enough or structured to promote more informal interaction between instructor and student. Faculty, in turn, ought to have opportunities to interact more frequently with students in such out-of-class settings as learning communities or in recreational activities. Finally, the campus environment should be structured so that informal interaction is actively encouraged through the design and location of faculty offices and through the provision of informal meeting and study space in residence halls and other public areas.

12. *Emphasis on the Early Years of Study.* Consensus is emerging that the first years of undergraduate study—particularly the freshman year—are critical to student success. Partly, this is because the transition from high school to postsecondary study represents, for most students, a major discontinuity in both expectations and behavior. Not only are standards higher, but students also are expected to work independently and to make major choices about their course of study. For adult students returning to the unfamiliar world of postsecondary study after many years, the shock of transition can be particularly abrupt. Yet the pattern of resource investment at most colleges and universities strongly favors upper-division work. At the same time, comprehensive efforts to integrate first-year students into the mainstream of the collegiate experience are often treated as "auxiliary enterprises," unconnected to faculty and to core academic experiences.

    In the curriculum, attention to the early years of study means reexamining introductory courses to make them more than simply first courses in an anticipated major disciplinary sequence. Similarly, current curricular designs that emphasize a rigid "progression" from general education in the first two years to in-depth study across all levels may be appropriate. Faculty, in turn, should be invested more heavily in the first years of study. This means not only staffing introductory classes with regular (and preferably senior) faculty, but also more fully involving departmental faculty in freshman-year advising and experience programs. Finally, ensuring first-year student success should be a campus-wide priority. Targeted activities such as Freshman Year Experience programs should be consistently reinforced by a campus environment in which all personnel, academic and non-academic, are visibly committed to the common goal of improving first-year student retention and performance.

Mediating Influences of Institutional Structure and Culture

Any review of the practices listed above reveals how dependent their occurrence is on the motivation and competence of individual or small groups of faculty members. It also indicates how difficult it may be to influence these practices directly through state policy. Widespread acceptance of the basic principle of academic freedom and the practical impossibility of implementing such directives limit the effectiveness of state action. Opportunities to foster good practice can be promoted by changing constraints and incentives in the external environment and by cultivating the particular cultures in which these practices flourish.

Thus, equal attention should be paid to describing the specific institutional environments where effective teaching and learning tend to occur. In each case, the environments described can prove to be either friendly or hostile to needed change. Such environments, moreover, have at least two components: institutional culture and administrative procedures, and the availability and use of institutional resources. Both aspects are briefly discussed below:

1. *Institutional Cultures/Practices.* Some colleges and universities provide an unusually healthy environment for undergraduate education. They are openly committed to teaching, hire faculty with similar commitments and reward them for good performance,

allocate resources to further good practice, and actively monitor overall performance in this arena. In word and deed, they consistently exhibit a deeply held belief that providing sound undergraduate education is of the highest priority. Other institutions also may have strong and consistent commitments but to other priorities, such as graduate education and research, for example. These colleges and universities may direct both their rhetoric and behavior toward furthering those ends. Such institutions typically provide less-supportive environments for undergraduate education. Between these two is an unfortunately typical group of institutions that lack clear priorities of any kind. This group probably represents the greatest systemic opportunity for improving undergraduate education through state action. At the same time, the typical absence of a supportive culture in such institutions may militate against success.

Past research and observation suggests that institutions which foster good undergraduate practice have common characteristics. Among the more important are the following:

a. *A strong sense of mission and shared purpose.* Not only must colleges and universities possess a strong sense of purpose that is accepted and widely shared, but that mission also must have undergraduate education as a visible element. In such cases, shared purpose gives a common direction to all the institution does and provides a consistent basis for decision making. Most important, commonly held understanding of what the institution is deepens collective understanding of what it *is not* and what *it should not be.* This recognition helps inhibit the kind of "mission drift" common in public colleges and universities. Among the many manifestations of shared purpose in this regard are the following:
   - Rhetoric consistently reflects undergraduate education as a priority. In all forms of communication, faculty and administrators take the opportunity to note the importance of this aspect of the institution's mission.
   - There is widespread understanding and agreement about priorities on the part of all members of the institution's community. When asked, all will state the priorities in fundamentally the same order.
   - Actions on "small" decisions are consistent with undergraduate education as a priority, even when decisions are made in isolation. Different decision makers make similar choices because of a shared understanding about what the institution values.
   - Faculty committees are established primarily for academic, not administrative, purposes. The greater the extent to which the vision for the institution is shared and accepted, the less there is a need for faculty committees to check on the actions of administrators. Faculty and staff exude confidence that the right decisions, consistent with what the institution values, will be made. As a result, they can concentrate upon issues of academic substance.

b. *Leadership committed to achieving institutional goals.* Clear mission is visibly embodied by a campus leadership that is able and willing to set priorities and make investments consistent with established goals. Nowhere is this more the case than for undergraduate general education, which is by definition an *institutional,* not a departmental, activity. If general education is not actively fostered by top leadership, it likely will not be nurtured anywhere. Appropriate campus leadership characteristics and practices for consistently reinforcing undergraduate education include the following:
   - Frequent public statements that reinforce undergraduate education, and particularly general education, as an institutional priority, and visible involvement in campus-wide initiatives to improve teaching and to restructure curriculum.
   - Possession and use of discretionary resources to reinforce initiatives aimed at improving instruction, particularly when these are cross-disciplinary. More im-

portant, there is the willingness to protect and sustain such investments over time, even under unfavorable budgetary conditions.

- Articulation of clear and visible priorities with respect to future investments in academic programs that provide a relatively stable climate for faculty and departments to plan long-term improvements.
- Visible willingness to take risks and to back promising innovations in undergraduate instruction when these conflict with narrow departmental interests.
- Clear commitment to the acquisition and use of information designed to identify priorities and to monitor the degree to which they are being achieved.

c. *Clear statements of intended instruction objectives, particularly in general education.* Undergraduate education typically contains two parts—general education and the major field of study. Major field content is constructed by the discipline and is in many ways independent of particular college or university cultures. Institutional commitment to undergraduate education, therefore, is demonstrated most convincingly in general education, because it is here that the *institutional* stamp is most notably placed on each student. Colleges and universities with a strong commitment to general education generally exhibit the following characteristics:

- Priorities are stated in terms of *outcomes* rather than in terms of processes: "Students will be able to communicate effectively in writing," for instance, rather than: "Students will be required to take two writing-intensive courses."
- Designed general education goals comprehensively cover broad domains of knowledge (understanding the methods of inquiry of the social sciences, for example), as well as generic skills. Goals for general education embrace shared attitudes and values associated with inquiry, as well as cognition.
- Curricula are designed intentionally to cover these objectives regardless of individual student course-taking choices.
- Routine procedures, such as the approval of new courses, incorporate consideration of each course's contribution to general education outcomes.

d. *Policies and procedures consistent with stated purposes.* Institutional cultures that support undergraduate education are characterized by a core set of policies and practices that consistently reinforce this priority. Most important are those that affect the terms and conditions of faculty employment. Second in importance are practices that govern the allocation of resources, and third are those that affect the curriculum. More specifically, institutional cultures that support the improvement of undergraduate education have the following characteristics:

- Faculty hiring criteria are weighted heavily toward teaching skills and experience. Hiring processes feature both an active demonstration of teaching abilities on the part of prospective faculty and the visible involvement in hiring decisions of faculty who regardless of discipline, are already recognized as excellent teachers.
- Policies include teaching excellence as an important criterion in awarding promotion or tenure.
- Policies recognize synthesis of material in the discipline, and a search for understanding about how best to communicate this material to undergraduate students, as important scholarly contributions and, therefore, important criteria in awarding promotion or tenure.
- Faculty evaluation and merit pay procedures visibly emphasize excellence in teaching.
- Discretionary resources at both the institutional and departmental levels are consistently allocated to improving undergraduate education in preference to alternative uses.

  - Course-approval processes explicitly require that attention be directed toward furthering the objectives of general education or the reinforcement of cross-disciplinary skills.
  - Regular reviews of the general education curriculum examine course content and teaching practices against established institution-wide objectives.

e. *The institution is "self-regarding."* Colleges and universities that provide a supportive environment for improving undergraduate education continuously examine their performance relative to this purpose, systematically identify weaknesses, and make a concerted effort to address identified weaknesses. Because colleges and universities, like other organizations, tend to monitor what they think is important, systematic assessment of undergraduate education is critical for both symbolic and instrumental reasons. More specifically, supportive environments are characterized by the following:
  - Visible institutional processes to assess the quality of undergraduate education are in place.
  - Regularly conducted assessments of general education directly reflect established cross-disciplinary instructional outcomes established by the institution.
  - Assessments of student goals and experiences are regularly undertaken to better understand student needs and the match between institutional delivery and student expectations.
  - Assessment results are widely distributed inside the institution, with accompanying materials drawing attention to those areas that require improvement.
  - Top leadership demonstrates active support of assessment by using the resulting information to help address identified weaknesses.

f. *The institution is actively "student-centered."* The most effective initiatives to improve undergraduate education create environments that give high priority to student success. Such "student-centered" institutions exhibit the following kinds of behavior:
  - Undergraduate instruction is conducted by full-time tenure-track faculty, and students in their first two years have a high probability of encountering such faculty.
  - Students are treated primarily as "customers" to be satisfied and colleagues with whom to work, rather than as "raw materials" to be processed.
  - Necessary student services are broadly available to support identified student needs, and such services are recognized and used by students of all types and of ability.
  - Diversity is recognized among student goals and, within the appropriate constraints of maintaining academic standards, academic policies are directed toward helping students meet their own objectives as well as those of the institution.
  - Students do not get "closed out" of classes they need to complete degree requirements. Instead, registration procedures give priority to prompt student attainment of curricular objectives.
  - The institution seeks to ensure that students are academically successful through all its operations, including those, such as physical plant operations and campus security, that are not obviously related to academic achievement.

2. *Resources.* While institutional cultures and administrative policies and procedures are the primary forces that influence undergraduate education, they do not operate in isolation. Economic forces at both the state and institutional levels also play an important role. Because the allocation of resources represents the single most powerful lever for change available at the state level, it is particularly important to understand the impact of such actions on undergraduate teaching and learning.

Resources must be considered from two distinct perspectives: that of the institution and that of the student. Undergraduate education is both a teaching process and a learning process. Success depends not only upon institutions making the appropriate learning opportunities available, but also upon students being in a position to take advantage of them. Overall improvement objectives are not well served, for example, if faculty make themselves readily available to a student body that is so involved with off-campus jobs that they lack the time needed to meet individually with faculty outside the classroom.

For both institutions and students, resource issues are of several kinds. The first is the adequacy of the resource base as a whole. Not all changes are expensive, but most do require discretionary resources. Are sufficient resources available to sustain improvement and are they distributed appropriately? Even if base amounts are adequate, their configuration may be entirely wrong. The institution, for example, may have a sufficient cadre of faculty to maintain a favorable student/faculty ratio on paper, but faculty may be distributed across the wrong disciplines for providing a balanced general education curriculum or they may be incapable of or uninterested in improving their teaching. For students, the adequacy of the resource base may be even more critical. Institutions that excel in undergraduate education, for instance, may cost more than many students can afford. Absence of sufficient resources to allow a choice of institutions may deprive students of access to colleges and universities that would best meet their needs.

A second dimension of the resource environment consists of how available resources are used. At the institutional level, for instance, possible benefits of available new resources may be eroded by requirements that eliminate flexibility in their use or direct them toward priorities other than undergraduate education. For students, the particular form in which resources are made available may be even more critical. Grant awards, for example, leave students far more able to engage in appropriate learning behaviors than the same level of resources obtained through part-time work or work-study unrelated to academic objectives.

Beyond both of these, moreover, is the long-term uncertainty of resource investment in higher education and in undergraduate education in particular. Higher education finance in most states is increasingly unlike the finance of primary and secondary education or the health care system, where categorical funding, federal mandate or court order ensures a steady level of support. As a result, higher education funding is at the mercy of the state's economy and increasingly subject to wide fluctuations that make sustained investment difficult. In good years, this means a windfall which policy leaders are reluctant to invest in incentives for the kinds of long-term changes required in such areas as undergraduate study. Instead, the response is to invest in "special projects" on the margin that, while prudent, send a very uncertain signal about the state's commitment to fundamental improvement.

Conditions Created by the State

In addition to the effects of institutional cultures and practices, important conditions that mediate instructional improvement are created by the state itself. Among the most important are:

1. *The State's Political Culture.* The broader statewide "political culture" will exert considerable influence on the nature and effectiveness of any state-level initiative. If the predominant political mindset is characterized by minimizing cost and by finding "satisfying" solutions to all problems, it will be hard to engender a sustained emphasis on improvements of any kind. If the culture demands strict adherence to established spending plans or requires all institutions to "get their fair share" or be treated "equitably," it may be difficult to achieve the level of flexibility required to achieve appropriate institutional diversity and innovation. Similarly, a strong state commitment to unions,

and therefore to work rules cast in rigid form, may preclude the necessary changes. In contrast, states in which the primary emphasis historically has been placed upon the "ends" of education, and where those ends are visibly valued, generally provide a hospitable climate for educational innovation.

2. *Governance and Structure of Higher Education.* In most states, the governance structure for higher education involves multiple organizational elements: coordinating boards, system offices and campus-level advisory or regulatory mechanisms. Each element tends to create a separate set of policies, procedures and general environments within which institutions must operate. The greater the number of such entities, and the more each is oriented toward achieving centralized power and control, the more difficult it will be to create and sustain a positive climate for change in undergraduate practice. Each element in the hierarchy will have its own set of priorities, some undoubtedly centered on outcomes, but more upon ways of doing business. And all are in a position to enforce at least a partial pursuit of their own priorities by institutions. As a result, multiple directives will inevitably come into conflict, and the energy behind well-intentioned initiatives may be dissipated quickly. Systems of institutions, like states and individual institutions, also develop dominant cultures. In most instances, the dominant culture tends to correspond to that of the "highest status" institution in the system (generally, if present, the major research university). If this mindset becomes pervasive in a group of institutions whose primary assigned mission is teaching, state initiatives concerned with improving undergraduate education will be proportionately less successful.
   A major common objective of coordinating boards, governors and the legislature should, therefore be to create and constantly reinforce priorities that permeate all levels of governance. It should not be issuing directives that can and will be deflected by inertia and by inevitable friction among opposing organizational cultures.
3. *Policies and policy implementation.* State governments, over the years, implement numerous policies affecting higher education. Because each individual policy typically is developed independently to meet a particular need, they often place conflicting collective pressures on the institutions at which they are directed. Several of the most important state policy areas affecting undergraduate education are described in Section IV below and their impacts noted. But even if otherwise well-conceived, state policies may fail because they are implemented poorly. One common tendency is to over-bureaucratize implementation and subsequently undermine innovation. Communication channels are often inappropriate, relying primarily on formal directives and rules rather than on face-to-face interaction. Finally, the data required of institutions in seeking funds or in demonstrating accountability can send false messages about what is really intended. All three of these implementation issues must be carefully monitored at the state level if well-designed policies are to have their intended effect.

Relating Policy to Improvements in Undergraduate Education

In the previous section, broad conditions that support excellence in undergraduate education at the state level were identified and briefly discussed. In this section, a number of state policy arenas are reviewed, together with what is known about each one's potential impact on undergraduate instruction. This discussion is intended to guide policymakers in conducting an "audit" of how particular state policies, both individually and in combination, support or inhibit the development of sound practices in undergraduate education. Note that one relatively common state policy is omitted from this list: direct legislative mandate. This omission is deliberate for two reasons. First, the actual *content* of most mandates, if appropriate, falls within one or more of the policy categories already noted. More important, direct legislation tends to be both inflexible and blunt. Once in place, it is difficult to change, although some changes usually are warranted on the basis of early experience. At the same time, mandates of this kind tend to divert legislative attention away from issues of *policy* toward issues of *implementation.* By doing so, they can easily lead to a spiral of campus resistance and retaliatory micro-management. They are therefore, in most cases, a failure of policy rather than one of its ingredients.

This discussion of state policies follows the logic of Chart 1, a simple matrix with typical state policy areas arrayed on one dimension and the previously identified conditions of good practice and mediating influences arrayed on the other. By marking a "+" when a policy has a direct or positive influence, a "–" when it works against good practice and a zero when it has no influence, one notices the relative infrequency of points of intersection. This condition suggests that state policy is for the most part isolated from undergraduate education or that the bureaucratic processes through which it must operate provide few incentives and many barriers to improvement. Each policy area, and its potential impact on undergraduate teaching and learning, is treated beginning on p. 23.

A. Mission Definition/Master Planning

State-level master planning activities, and the efforts at institutional mission definition that are typically associated with such plans, are most supportive of improvements in undergraduate education when they:

- Constrain all but a select set of institutions from specializing in research or offering Ph.D. degrees.
- Specifically assign excellence and innovation in undergraduate education as primary missions for specific institutions.
- Give attention to the overall culture of an institution as well as to what the institution is expected to do in undergraduate education.
- Require institutions to select and declare particular areas of intended excellence, e.g., the state's premier undergraduate programs in the visual and performing arts.
- Encourage the development of institutional mission statements that emphasize undergraduate education and student outcomes.

Conversely, such activities and policies are less supportive of undergraduate education when they:

- Fail to recognize that, while undergraduate education is an important function of almost all institutions, it will not always be the highest priority.
- Fail to recognize that general education will take different forms in institutions with different missions which offer different programs and serve different student clienteles.
- Assign responsibility for all service to a particular geographic area of the state to a single institution, opening the door for that institution to give priority to research and graduate education at the expense of undergraduate education.
- Simply require each institution to self-select its own mission without guidance or coordination in terms of state needs.
- Allow institutions to be vague and non-specific about roles and priorities.

B. Institutional Licensure

Policies adopted by states dealing with the licensure/approval of individual institutions to operate within the state reflect a consideration for undergraduate education when they require petitioning institutions:

- To identify the types of knowledge and skills expected to be exhibited by all graduates.
- To demonstrate that the necessary resources (equipment, faculty, library, financial) are available to carry out these programs.

CHART 1

A Framework for a Policy Audit

Mediating Influences	Education Policies							
	Mission Definition/Master Planning	Institutional Licensure	Admissions	Program Approval and Review	Accountability	Finance and Resource Allocation	Transfer of Credit/Articulation	Convening and Technical Assistance
A. Culture								
1. Sense of mission/shared purpose								
2. Leadership committed to purpose								
3. Clear statement of general education requirements								
4. Policies and practices consistent with purpose								
• Faculty-related								
• Resource allocation								
• Curriculum								
5. Self-regarding								
6. Student-centered								
B. Availability of Resources								
State Conditions								
1. Political culture								
2. Governance/structure								
3. Policies								
4. Policy implementation								
Good Practice								
1. High expectations								
2. Coherent curriculum								
3. Synthesizing experience								
4. Integration of education and experience								
5. Active learning								
6. Practice of skills								
7. Assessment and feedback								
8. Cooperative learning								
9. Time on task								
10. Diverse talents and ways of learning								
11. Student-faculty contact								
12. Emphasis on early years of study								

- Such policies reflect less of an orientation toward good practice in undergraduate education when they focus on:
- The minimum level of resources needed to assure institutional and program viability.
- Issues that are confined essentially to consumer protection, for instance, policies on the transfer of credit or which ensure truth in advertising.

C. Admissions

State policies in this area contribute to improvements in undergraduate education when they:

- Emphasize or demand completion of appropriate levels of academic coursework for high school graduates or allow institutions to establish such requirements as condition for admission.
- Require institutions to be specific about the students (including their ability levels and prior academic preparation) they seek to serve.

They fail to be supportive when they:

- Demand open admission of all institutions.
- Do not require institutions to establish admissions requirements commensurate with their stated missions.

D. Program Approval and Review

Program review and approval policies and procedures reinforce undergraduate education when the criteria:

- Call upon each program to demonstrate consistency with a well-defined institutional mission.
- Assure that proposed new programs are consistent with and will reinforce the established institutional culture.
- Require explicit statements about how the content of proposed programs will contribute to the institution's general education objectives.
- Require a demonstration of outcomes as well as the efficiency of resource use, particularly for general education outcomes.
- Assure availability and control over the necessary resources to operate both current or proposed programs.
- Document the manner in which the curriculum of each program is integrated with the institution's undergraduate curriculum as a whole.
- Require that appropriate consideration be given in each program to such educational good practices as a synthesizing experience and the integration of education and work experience.
- Define and review "general education" as a program in its own right.

Such policies and procedures are not supportive of enhanced undergraduate education when they:

- Focus only on graduate and professional education.
- Focus on external demands to the exclusion of concern about internal fit within the institution.
- Focus on issues of resource sufficiency and efficiency to the exclusion of instructional outcomes or other academic issues.
- Focus on the major field to the exclusion of the program's contribution to general education.

E. Accountability

Accountability policies at the state level are particularly helpful in strengthening undergraduate education when they:

- Are founded on sound academic principles rather than solely on bureaucratic or financial principles.
- Reinforce an institution's own internal assessment processes.
- Allow each institution to devise measures consistent with its own mission and culture.
- Require attention to general education as well as the major.
- Call for a demonstration of good educational practices as well as program outcomes.

Such policies are nonsupportive or detrimental to undergraduate education when they:

- Are expressed solely in financial terms.
- Ignore general education outcomes.
- Create additional measurement requirements inconsistent with those used in the institution's own assessment process.
- Do not include contextual information about educational processes and environments that can assist in identifying approaches to improvement.

F. Finance and Resource Allocation

For most states, the resource allocation process constitutes the most potent lever for educational change. Consequently, over the years many states have established specific financial mechanisms intended to achieve particular educational ends. Furthermore, many incentives and disincentives for good practice are implicitly present in generic state-level funding mechanisms.

Generally, financing and resource allocation policies supportive of undergraduate education have the following characteristics:

- Combinations of tuition and student financial aid policies that allow students the choice of attending public or private colleges and universities devoted to excellence in undergraduate education.
- Financial assistance mechanisms that allow students to devote their primary attention to learning rather than earning money in work unrelated to the goals of instruction.
- Special allocations of funds to enhance undergraduate education (for example, challenge grants).
- Requirements that prevent serious erosion of key instructional resources such as faculty, instructional equipment and the library in times of economic shortfalls.
- Additional funding arrangements that help ensure adequate preparation for presidential searches by supporting a clear delineation of institutional priorities prior to the search process.
- Absence of features that create incentives for institutions to alter their missions simply to acquire more resources, for instance, limiting the allocation of research funds only to those institutions that have research as an explicit part of their mission.
- Allocation of funds to support local assessment activities.

Finance and resource allocation mechanisms that work to the detriment of undergraduate education, in contrast, include:

- Features that provide significantly larger amounts of funding for graduate education than for undergraduate education and for upper-division rather than lower-division instruction.

- Prohibitions against counting, for funding purposes, credits generated through internships and other work experiences.
- Prohibitions against allocating state funds for developmental education which creates incentives to lower the expectations of college-level work to meet abilities of entering students, however ill-prepared.
- Allocation procedures that create incentives for institutions to staff lower-division courses predominantly with graduate students and part-time faculty rather than full-time faculty.

G. Transfer or Credit/Articulation

Policies on the transfer of credit among institutions afford state authorities a rare opportunity to take leadership in academic policy. As students increasingly attend more than one institution to achieve a baccalaureate degree, the undergraduate curriculum becomes a joint product of the state's higher education system rather than the exclusive domain of a single college or university. More and more, this implies that the state acts as an advocate for coherence and good practice to ensure that those attending multiple institutions are well served.

Articulation and transfer policies supportive of good practice in undergraduate education include:

- Establishment of transfer credit primarily on the basis of specific skills and competencies rather than course descriptions and titles.
- Reliance on blocks or combinations of courses as the appropriate unit-of-analysis for establishing credit transfer or articulation policies, rather than individual courses.
- Establishment of fully transferable associate degrees from two- to four-year institutions, backed by appropriate assessments, without the requirement for course-by-course approval at the four-year level.
- Explicit recognition of the phenomenon of "reverse transfer" from four-year to two-year colleges, particularly for basic skills courses.
- Ongoing monitoring of the pattern and effectiveness of interinstitutional transfer through statewide tracking studies founded on a statewide unit-record system.

Transfer and articulation policies that inhibit good practice in undergraduate education, in contrast, are characterized by:

- Little or no direction-setting on transfer and articulation, leaving it up to each institution to pursue these matters independently.
- Allowing individual departments at four-year institutions the exclusive right to set transfer course equivalents within each discipline.
- Requiring transfer students to repeat essentially similar blocks of courses after transfer.

H. Convening and Technical Assistance

Beyond the role of established policy, state higher education agencies can play a substantial role as conveners of practitioners and as providers of technical assistance. Among practices experience has shown to be promising are:

- State support (both financial and in-kind) of institutional consortia or organizations intended to foster good practice in undergraduate education (for example, the South Carolina Consortium for Higher Education Assessment, the Virginia and Washington Assessment Groups, California's Learning Assessment and Retention Consortium).
- State sponsorship of conferences, workshops and networks to share innovation among campuses and practitioners.

- Establishment of a technical assistance fund that helps institutions get assistance in developing new approaches to undergraduate education (but does not require them to use a particular *source* of technical assistance or expertise).
- Use of incentive grants or awards to recognize and "celebrate" innovations or institutional achievement in improving undergraduate programs.

Conclusion

The framework developed for this paper provides a starting Point for conducting a comprehensive "audit" of the impact of state Policy on undergraduate education. We intend to pilot it this year in several states by conducting such audits. As a result of this experience, we expect to expand the framework in both breadth and depth to include additional policy areas and conditioning factors that have local impact. This field experience also will provide us with specific examples of interrelationships between policy and practice and will help us reach conclusions about the kinds of policies and policy combinations that are most effective.

An important tool in achieving the second goal is a policy audit. We expect that the framework proposed here will have at least three uses in this activity. First, the framework can help to direct a "top-down" analysis of the impact of existing policies. By using the row headings of the format as a checklist, relationships between state policy and undergraduate education can be summarized, for example, by noting a "+" when it is determined that a policy has a direct or indirect positive influence, a "–" when the policy works against good practice, and a "0" when the policy appears to have no influence.

Second, the framework can be helpful in conducting a "bottom-up" assessment of these relationships. A useful way to proceed is to ask faculty and line administrators—those persons trying to engage in good practices—what prevents or inhibits their efforts. Because the various mediating influences noted represent forces at least as powerful as state policies in this regard, we suggest that the format used be altered to emphasize environments and structures rather than the relevant policies themselves.

Finally, the framework can be used as a vehicle for identifying potential ways in which specific policies are in conflict. For example, there are places where admissions policies make a positive contribution to good practice by establishing high expectations for high school coursework, while finance policies exert an opposite influence by creating significant incentives for enrollment growth. Using the notation suggested above, the relative incidence of rows in which both "+"s and "–"s occur will indicate those areas where policies are in conflict.

Observations

In creating the framework presented in this document, we reached some additional conclusions about the nature and limits of state policy in improving undergraduate education. While they do not fit neatly into a policy framework, we believe these ideas are nevertheless critical to keep in mind in developing appropriate future policy. They are as follows:

- Most practices are outside the direct reach of state policy. They are almost solely under the control of faculty and the environments in which they operate. State leaders should, therefore, concentrate their efforts on policies designed to shape that environment more broadly, particularly those policies that influence the choices faculty must make.
- Additional mediating influences are extremely powerful, especially because they can occur at so many levels. Organizational cultures are also important and failure to recognize their importance may doom otherwise well-conceived state policymaking.

Thus, state leaders should pay particular attention to the *indirect* impacts of the policies they create, rather than trying to mandate improvement directly.

- Institutional leadership is more important and should have more freedom to create appropriate conditions for achieving excellence in undergraduate education than is normally accorded. State leaders ought to create policies that enhance rather than inhibit the discretion of institutional leaders in developing and sustaining innovation. As these policies become known, moreover, they may have the additional benefit of attracting proven and innovative academic leaders to the state.
- Furthermore, because the implementation of good educational practices is chiefly in the hands of faculty, institutional leadership should be preeminently *academic* leadership: it should provide all academic vision for the college or university and create a working environment that can bring that vision to fruition. State leaders therefore, ought to insist that institutional missions and planning objectives be consistent with such visions.
- The more policies are oriented toward mandating specific actions, the less likely they are to sustain innovation, even if they can be created in the first place. State policymaking must be agenda-setting, generic and broadly supportive.
- Finally, a "generic" policy orientation is fundamentally at odds with the predominant cultures of state governments, which are oriented toward creating and enforcing bureaucratic rules and procedures. State officials should make every effort to reassert their roles as policy leaders for the state as a whole, while downplaying their role as institutional overseers.

These conclusions, we recognize, challenge state agencies and governments to develop new roles and modes of operating. This will not be easy. Through habit and statute, higher education governance over the past two decades has tended to evolve in a different direction. We hope that this document, and the activities it is designed to support, will prove helpful in setting new directions.

For Further Reading

To improve readability, detailed citations of research literature that supports the principles and recommendations contained in this report were not provided. All, however, have substantial grounding in the literature on college student learning, retention and student development of the past twenty years. Among the most useful references that contain one or more of these findings are the following. Readers desiring greater detail or substantiation are urged to consult these references.

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Research Universities in a New Era: From the 1980s to the 1990s

ROGER L. GEIGER

The 1980s were in many ways a tranquil interlude for higher education. Enrollments were largely static, few noteworthy programs were introduced, and government policies were perhaps more sclerotic there than elsewhere. But beneath the surface there was movement. The 1980s were above all an evolutionary decade, and for no segment of American higher education was this evolution more consequential than for research universities, largely because of changes affecting academic research itself. For this reason, the 1980s marked the beginning of a new era for the university research system, the fourth distinctive stage since the end of World War II—following the postwar era of 1945–57, the Sputnik era of 1958–68, and a period of stagnation from 1969 to 1979 (Geiger 1990; Kerr 1990). At the beginning of the 1990s, the distinctive characteristics of this era appear intact, even though the environment for higher education continues to evolve. Accordingly, in this chapter four basic trends of the new era are first described and then several of the conditions affecting the lives of universities at the beginning of the 1990s are discussed.

The Trends of the 1980s

Despite initial trepidations, the 1980s turned out to be a time for research universities to exploit their inherent strengths and to bolster their resources.[1] Two perceptible changes in public attitudes toward higher education set the stage for this scenario. The first was a greater appreciation of—and greater rewards to—academic quality. The clearest evidence of this was the strong demand for places at selective colleges and universities throughout the 1980s. Another sign was the enthusiasm manifested by alumni and donors toward such institutions.

The second change was more specific in timing and message. It stemmed from the conjuncture of growing concern about the international competitiveness of American industry and the explosive development of biotechnology. The latter served, as the atomic bomb had for a previous generation, to show that the purest academic research could have a profound practical effect. This was a message that research universities yearned to hear: a quarter century after Sputnik, they once more discovered a compelling rationale for their distinctive mission.

Privatization

Privatization—the general term indicating a growing reliance on private sources of income—has been a relatively recent development in higher education. For thirty years after World War II, government investments in higher education increased far faster than private inputs. This trend was definitely reversed during the 1980s (Geiger 1988). In just the first half of the decade, funds from private sources grew from 83 to 86 percent of basic educational expenditures at private institutions and from 24 to 28 percent at public institutions. These changes represented an additional $2.3 billion of annual support for higher education provided through private means.

Increases in student tuition brought the greatest additions to revenues in the 1980s. Large annual percentage hikes were originally provoked by double-digit inflation at the end of the 1970s, but such increases then persisted even after inflation subsided. Universities readily justified these actions by their need to catch up with inflated price levels. When no significant backlash materialized, they continued to raise tuition to help meet their accumulated backlog of needs. For the decade, average university tuition rose more rapidly in the private sector than in the public, and it rose most rapidly at private universities. Their cost of attendance rose nearly 60 percent in real terms,

In a longer perspective, the resort to higher tuition was a continuation—indeed, an intensification—of tendencies that had been present since the early 1970s. Strong demand for quality undergraduate programs in the 1980s, however, took precedence over earlier fears that high tuition would reduce access. The relative decline of government support for higher education has nevertheless driven much of the tuition rise. Tuition was substituted for insufficient state appropriations at public universities, largely to maintain accustomed academic standards. At private institutions, a portion of the tuition rise was devoted to providing substantial amount of student financial aid, thus compensating in part for shrinking federal programs.

Universities also turned to voluntary support with great effectiveness in the 1980s. Overall giving to higher education had declined in real terms from the late 1960s through the midseventies. A modest recovery then only regained the lost ground. The 1980s, however, emerged as the most propitious era for fundraising since the late 1950s. This new bounty chiefly enlarged existing patterns of giving, which benefited research universities, but a few new developments were evident. Among recipients, many public institutions that had lacked highly organized development efforts became aggressive fundraisers during the decade. Among donors, corporate giving significantly expanded to equal more thin a fifth of all voluntary support—a development that also favored research universities, especially public ones. Overall, few institutions failed to take advantage of the propitious conditions for fundraising. In 1990, thirty-eight of the fifty-six universities that belonged to the Association of American Universities were either conducting or planning formal campaigns—and at least six of these had billion-dollar targets.

Donated funds have been directed unequally to university departments and thus have influenced the uneven expansion of university activities. Schools of business have been especially well treated, and corporations have been solicitous toward engineering and applied sciences. Voluntary support has thus invigorated those professional schools and departments that have greatest contact with the corporate world. This development was one component in the general turning outward of universities in the 1980s.

An additional and more subtle dimension of privatization has been the greater relative strengthening of private institutions. The roots of this trend go back a quarter century to the era when just the reverse was true. By the late 1960s, most private research universities had reached a point at which their aspirations had outrun their resources. Their first reaction was to scale back expansion plans and to seek additional revenues, often through more aggressive management of endowment funds. A second, more severe round of fiscal distress followed early in the 1970s, due to shrinkage of voluntary support, inflation, a weak economy, and the bursting of the bubble in research and graduate education. These universities then endured a more painful episode of actual retrenchment accompanied by a rationalization of operations. Private universities emerged by the late 1970s as leaner, more efficient organizations that were reluctant to make new commitments unless adequate financing was assured. The financial pressures caused by inflation and recession reinforced these lessons. On the whole, private universities expanded commitments with circumspection during the prosperous years that followed.

Public universities learned these lessons later and less thoroughly. Their funding held up well during the 1960s, and the shortfalls of the early 1970s seemed to be aberrations. Their dependence on state appropriations gave them less control over their finances, which translated into less incentive to streamline operations. Indeed, bad funding years struck suddenly but were usually followed, sooner or later, by some measure of restitution. Although the public research universities have expanded their private revenues considerably, these funds have tended to compensate for continued weak funding from the states. At no major state research university have state appropriations kept pace with the rise in tuition income.

Differences of this kind have a cumulative effect. During the generation of massive government investment in higher education between 1945 and 1975, state universities tended to outdistance private ones academically. Since then, however, movement seems to have been in the other direction. When the standings of leading universities in *An Assessment of Research-Doctorate Programs in the United* States by Jones, Lindzey, and Coggeshall (1982) are compared to those in the Roose-Andersen ratings (1970), private institutions show an overall gain in rank (Webster 1983).

Programmatic Support of Research

Universities in the 1980s performed more programmatic research (i.e., research intended to be useful to outside sponsors). This is not necessarily applied or "practical" research—the ratio of applied to basic research actually declined slightly during the decade. Despite longstanding public pressure to get more payoff from university research, it was not until the 1980s that conditions changed sufficiently to make this feasible. Not only was more funding available for programmatic research, but universities showed a new receptivity toward such work.

Among patrons, three developments highlight the drift toward programmatic research.

1. At the beginning of the decade, the vast expansion of military research and development begun during the Carter administration and greatly accelerated during the first Reagan administration affected universities. Only a small portion of these funds trickled down to support academic research, but that trickle was sufficient to make the Department of Defense the fastest-growing federal source of support for university research. Its outlays doubled from 1978 to 1983, and it surpassed the National Science Foundation as the second largest patron of research. This particular development has run its course, but that has not affected the overall trend.
2. The National Science Foundation (NSF) currently aspires to become the fastest-growing federal patron, but ironically it has forwarded that claim on the basis of furthering programmatic ends. Under the stewardship of Erich Bloch, the NSF accorded engineering an equal status with science in foundation nomenclature and embraced economic competitiveness as a mission. Through the NSF Engineering Research Centers, it has actively nurtured university-industry cooperation.
3. This last area has provided the third major component of programmatic drift. Industry-sponsored research is programmatic by nature, and it has easily been the most rapidly growing component of academic research in the 1980s. Currently, industry supports 6.6 percent of university research directly, and perhaps half as much again from other sources is intended for this end. Industry thus accounts for approximately one-tenth of university research—double what it did fifteen years ago.

The drift toward programmatic research has on balance been a boon to research universities. It has made the 1980s a decade of significant progress in research rather than a repeat of the dismal seventies. It has helped to make the university research system more pluralistic, with four of every nine new dollars in the eighties coming from nonfederal sources. But this new emphasis in research has carried through to other facets of university behavior. Most disturbing to most observers has been the endeavor to commercialize university research.

Universities generally adopted new standards of entrepreneurial behavior in the 1980s. The justification was to further the transfer of technology—the linkage between university research and contributions to the productive economy. The means for this were, principally, patenting aggressively, cultivating "propinquity effects" in research parks or business incubators, and promoting the formation of new firms with venture capital and equity stakes (Geiger 1992a; Matkin 1990).

The criticisms of university involvement with industry have chiefly focused on such commercialization of research by institutions or individual faculty members. Fears include the loss of faculty loyalties and efforts, the conflict of interest between the free dissemination of knowledge and knowledge-linked investments, the misuse of graduate students on commercial ventures, and the withholding of knowledge because of possible commercial value. The basic problem is that these are matters toward which universities must maintain vigilant and responsible policies; however, as universities themselves increase their commercial activities, the apparent conflict grows between their academic responsibilities and their vested financial interests (Fairweather 1988; Kenney 1986).

To dwell on such negatives nevertheless obscures two important points. First, the fears of critics ring rather hollow when applied to institutions where these practices have long been conducted responsibly and well. Second, even in the case of institutions just initiating such practices, the arguments have had no influence whatsoever on university behavior. The inducements to engage in entrepreneurial behavior, in other words, have far outweighed the caveats.

There are in fact two large ambiguities at the center of the commercial relations of universities. No one doubts that Stanford can do these things effectively, but how many other universities can emulate Stanford? Successful commercial relations depend upon the "economics of opportunism," but potentially lucrative opportunities are simply not abundant at most institutions. The notorious successes of some universities in commercial activities such as patents and research parks have come from capitalizing on extraordinary opportunities, but attempts to stimulate such activities systematically make universities more like other market participants, thus lessening their unique advantage (Geiger 1992a).

The second ambiguity has to do with the rationale for engaging in commercial relationships. Are they an extension of the service role of universities, or do they represent an opportunity to make money? Universities would undoubtedly like to have it both ways, but, aside from the experienced players, most cannot. Very few universities would seem to be currently turning a profit from commercial relationships. This situation is not yet really alarming, since these are often long-term investments—and they can be justified in any case as part of the service mission. But for a university truly to embrace technology transfer as part of its institutional admission requires decisive actions to assure that discoveries are disclosed, that patents are marketed, that commercial possibilities are capitalized, and that propinquity effects are realized (Geiger 1991; Smith and Karlesky 1977–78). To do these things well demands the establishment of separate and costly organizational structures, staffed by nonacademic professionals and well removed from the academic core of the university.

In sum, entrepreneurship, technology transfer, contributions to the economy—all have coalesced into a service mission that is largely autonomous from the academic goals of universities. Private institutions like M.I.T. and Stanford have pioneered this role, but it has recently had its greatest appeal to public research universities. They often include large engineering or agricultural colleges to which much of this activity is linked. In this respect, the entire programmatic drift in research support has been more congenial to the strengths of state universities, which find themselves under greater pressure to provide services believed to have economic value. Private research universities, on the other hand, have tended to be hungry for additional sources of revenue and hence aggressive in seeking links with industry. Much increased activity in the private sector came from universities that had virtually no relationship with industry before 1980, such as Columbia, Duke, Northwestern, and Yale.

The Dispersion of University Research

It seems to be well fixed in the public mind that university research is dominated by a handful of large, wealthy, prestigious institutions. Insofar as this is the case, it has been becoming less so over time. Shortly after the war, the ten largest performers of research accounted for 44 percent of all academic research. Recently, the share of the ten largest has shrunk to less than half of that. This development had not been anticipated. It had been predicted, in fact, that heightened competition for research funding would favor the "haves" rather than the "have-nots." Instead, other factors seem to have predominated.

The stagnant seventies produced an oversupply of well-trained scientists. Finding competent researchers was no longer the constraint that it had been since World War II. In addition, the growing programmatic emphasis of the research economy provided opportunities for those departments or institutions that were accustomed to pursuing applications-oriented lines of research. Conspicuous on the list of universities that have significantly increased their shares of research are land-grant universities and institutes of technology. But conspicuous among the decliners are the largest performers of research.

An appreciable part of that decline occurred during the 1980s. The proportion of university research expenditures concentrated in the ten largest performers declined from 20.3 percent in 1979 to 17.9 percent in 1989. In 1979, four universities each performed better than 2 percent of academic research; by 1989, for the first time none did.

Greater participation in academic research by a wider group of institutions has, implicitly or explicitly, long been a national goal. The disquieting aspect of this trend, however, is the disjunction between quality and quantity. The institutions that are most recognized for academic quality have generally seen their share of the research economy diminish. Specifically, of those twenty-five universities with the most distinguished departments as listed by the 1982 *Assessment of Research-Doctorate Programs in the United States,* only four expanded their share of research while two marginally increased theirs, eight marginally decreased theirs, and eleven significantly decreased theirs (data from Korhn, in progress). Does this mean that scientific quality is becoming less important in the distribution of research funds? Or does it mean that the university research system is changing in ways that are too complicated for this simple dichotomy to capture?

Arguing for the first alternative would be the whole drift toward programmatic funding of research, as well as the growing propensity to award research-related funds through "pork-barrel" appropriations. Most likely, the portion of research funds awarded through peer review or meritocratic competition has been shrinking. Still, changes in the nature of the research system could be the more important development. Subdisciplinary and interdisciplinary specialties are becoming increasingly important for the conduct of research and the locus of expertise. These specialized areas of excellence, moreover, are scattered more widely than ever before. It is not yet apparent to what extent quantity and quality of research are related in the new research environment. It could well be that the traditional leaders have used the prosperity of the 1980s to invest in quality in areas that have little effect on research expenditures. Or the emphasis on programmatic research may have promoted the vigor and the salience of the different specialties of more applications-oriented institutions.

Centrifugal Forces

The fourth trend of the 1980s consists of a shift in the balance of activities in universities away from the center and toward the periphery. This is a subtle trend—and one that begs definition. Certainly, a generation ago most people would have agreed that the most central or integral function of the university was the pursuit of knowledge for its own sake in the basic arts and sciences. One classic analysis interpreted this function as exemplifying cognitive rationality, the core value of universities (Parsons and Platt 1973). According to this view, the graduate school of arts and sciences is at the center, and the professional schools, while still integral parts of the university, combine cognitive rationality with different degrees of orientation toward external constituencies and praxis. Undergraduate education combines variable degrees of cognitive rationality with general education and socialization. University units thus encompass different combinations of values and constituencies. Given such a picture, what evidence is there for the contention about movement from the center to the periphery?

First, if one looks at changes in instructional activity, as reflected in degrees, a very stark trend is evident. The number of bachelor's degrees awarded in arts and sciences has declined significantly since the early 1970s, particularly in the humanities and social sciences. If education is included, those degrees composed two-thirds of the total in 1973 but just over one-third fifteen years later. The number of bachelor's degrees in business meanwhile doubled to reach one-quarter of all undergraduate majors. A similar pattern occurred for doctoral degrees. Those in letters declined by one-half; those in social sciences declined by one-third. Fields registering major gains tend to be scattered throughout the smaller technical and professional areas. In the arts and social sciences, then, there are now simply fewer students to teach on both the undergraduate and graduate levels.

A second piece of evidence might be inferred from the recent proliferation of separately organized research units. A recent study found their numbers increasing by 42 percent during the first half of the eighties (Friedman and Friedman 1986). Such units are established for a variety of tasks that cannot be accommodated in academic departments. Many of those founded a couple of decades ago were meant to achieve greater integration between the basic disciplines and professional departments. In keeping with the movement toward programmatic funding of research, however, the organized research units of the 1980s seem to have been predominantly intended to serve outsiders, particularly industry. Such special centers, although they seem to be quite effective for their intended purpose, are usually peripheral—in location, personnel, and mission. Their proliferation has occurred largely outside the normal ties between research and graduate education.

Finally, the elaboration of special units associated with technology transfer constitutes an organizational superstructure well removed from the university core. Most remote, perhaps, are the special corporations established to develop real estate, hold patents, own equity in start-up firms, or act as conduits to for-profit, venture-capital corporations.

A case can be made, then, that a kind of centrifugal process has been at work within universities, largely connected with the other trends of the 1980s. One result may be the increased separation of graduate and undergraduate education, a development that may well bear on the perceived crisis in undergraduate education (see below). Another result has been the fragmentation—further fragmentation, to be exact—of the university as an organization, to the extent that the very notion of a core might be called into question.

The Challenges of the 1990s

An Uncertain Financial Environment

The recession of 1990–91 in all likelihood marked a definitive break with the financial conditions of the 1980s. The basic forces underlying the trend toward privatization seem to remain intact, but they will now operate in a different economic context. The consequences of this change are likely to vary for public and private universities.

Student tuition supplied the stoutest pillar of privatization during the 1980s, but it seems unlikely that additional weight can be shifted here, at least by private universities. The 60 percent rate of real increase in the 1980s was inherently unsustainable. The sticker price for a bachelor's degree in residence at a leading private university has reached a daunting $100,000 for the class of '95. The willingness and/or capacity of parents to pay or students to borrow may well have been reached. Similar arguments were made throughout the 1980s, and earlier too. The difference in the 1990s is that private universities themselves seem to believe that a danger point has been reached, and they have acted accordingly.

A consistent pattern has emerged. Many private universities have stated their intention to hold tuition increases at or near the rate of inflation (Evangelauf 1991). Such a limit will require that expenditure growth be rigorously controlled, and accordingly programs of systematic cost containment have been announced. At the same time, private universities have continued aggressive fund-raising efforts, in effect making future qualitative improvements dependent upon gifts. Private universities are thus still looking to private sources to meet their future financial needs, while at the same time adopting a proactive stance toward controlling the activities that generate those needs.

Public research universities, which are more numerous than private universities and account for about two-thirds of academic research, face more parlous conditions. The declining health of state budgets became increasing evident during the last years of the 1980s. With the onset of the 1990 recessions these conditions became virtually universal and were reflected in declining state appropriations to universities. Throughout 1990, state universities were struck with shortfalls, freezes, budget reductions, or givebacks. The next year, 1991, brought worse news. The University of California, hitherto the most generously funded of public research universities, had to absorb a massive reduction of its budget; seven months into the fiscal year the state-assisted universities of Pennsylvania had to return previously appropriated funds to the state treasury; and in Oregon a voter-approved initiative slashed state spending, including university appropriations. Almost every state can offer similar tales.

The pattern of response to these events by state universities has been consistent, too. For additional revenues they have resorted, above all, to tuition increases. The University of California, with relatively low tuition, has announced a 40 percent hike, from about $1,650 to $2,300 for in-state students. In Pennsylvania, where in-state tuition is $4,000 and students already contribute more toward their education than the state does, a more modest percentage jump would still equal a substantial additional charge. Universities like California's clearly have the flexibility to extend tuition considerably without significantly restricting access or overburdening students with debt, but high-priced state systems face pricing considerations that are beginning to resemble those of private universities.

The relative advantage of private over public research universities thus seems likely to persist in a recessionary environment, although the financial outlook is bleaker for less wealthy private universities facing possible enrollment declines. Private universities have, on the whole, reacted cautiously to the relative prosperity of the 1980s. They enter the 1990s strengthened financially and with their expenditures under control. Although they will be constrained in their activities, this plight may nevertheless be more manageable than that of their public counterparts. These latter face a double disadvantage: the imperative of cost containment has been thrust upon them abruptly, forcing hasty cuts, and the subsequent savings are not captured by the institutions but revert to the state as budget-reductions.

The Research Economy

The level of resources made available for academic research affects both public and private universities. This research economy, in contrast with the national economy, entered the 1990s in fairly robust condition. University research expenditures for fiscal year 1989, for example, proved to be substantially larger than earlier extrapolations: $15 billion, compared with previous estimates of $13.9 billion (National Science Foundation 1989, 1990). The federal component of these expenditures declined precipitously during the latter 1980s, falling below 60 percent, or less than it was in 1960. The federal budget deficit is nevertheless the darkest cloud overhanging the research economy. The magnitude of the problem simply dwarfs the sums involved. All federal expenditures for academic research (some $9 billion in 1989) represent only a tiny fraction of the official deficit projections. Perhaps for that reason, federal appropriations for academic science have held up remarkably well. Behind the aggregate figures, however, a conflict has brewed about how best to sustain the academic research enterprise.

The initial problem would seem to be a coercive demand for research funds, or "proposal pressure" in the parlance of the agencies that fund research. In reaction, the agencies have tended to spread their funds more thinly by granting less than the requested amounts (Teich et al. 1990, 11–12). At least some of these shortfalls have to be met by universities as support for graduate students or institutional matching funds. As this trend accelerates, institutions will become even more reliant on their own resources to encourage research. During the 1980s, institutional funds were, after industry, the second fastest-growing source of university research expenditures. There is an important difference between public and private universities in this respect. In 1982, such funds accounted for 8 percent at private institutions and 19 percent at public ones. At the end of the decade, institutional funding of research at public universities had increased by 4 percentage points versus only 1/2 point more for private ones. The pressures on federal agencies will likely produce a further squeeze on institutional resources. At the same time, universities may receive less compensation for their research efforts.

Stanford has in many ways been the exemplary university of this era for internal management of research (see Matkin 1990, 118–132, on patent management and Gardner et al. 1990 on cost containment), but the revelation that it had been gouging the government on indirect costs and the subsequent pillorying of the university before congressional committees altered another factor in the cost equations of academic research (Hamilton 1991). Reimbursements for indirect costs inexorably came under pressure. Auditors became emboldened, institutions timorous in their claims. Longer term, this situation portends a lower level of reimbursement for the rising costs of sustaining institutional capacities for research.

Both these trends—greater direct institutional contributions and less indirect cost recovery—promise to add to the financial constraints facing universities in the 1990s. The relative costs of research may well be on the rise for universities at the same time that some voices are alleging that too great an emphasis has already been placed on research.

Research Universities and Their External Critics

The communities on whom universities ultimately depend have little direct contact with what universities actually do, particularly in research. Attitudes tend to be shaped by isolated and symbolic events or by rather vague associations. The favorable climate of the 1980s was conditioned by broadly positive attitudes toward quality in undergraduate education and toward the relevance of academic research for the economic weal. The recent criticisms of higher education, and particularly of research universities, are ominous chiefly because they threaten this favorable climate.

The last few years have brought a succession of attacks on universities from outsiders and academics; the titles well indicate their tenor and slant: *Killing the Spirit: Higher Education in America* (Smith 1990); *Stillborn Education: A Critique of the American Research University* (Von Blum 1986); *The Moral Collapse of the University* (Wilshire 1990); and *Profscam: Professors and the Demise of Higher Education* (Sykes 1988). What they all have in common is liberal amounts of "research bashing," generally in the form of allegations that teaching is being neglected by professors fixated on research and that academic research is of little value in any case. There are enough grains of truth in some of these charges to make universities and their leaders uncomfortable. But it is a contrived and highly misleading viewpoint.

Universities are, first of all, multipurpose institutions in which different roles jostle and conflict with each other to varying extents, but in the main coexist. Setting teaching as the single measure of worth is sophomoric—and plays well at that level. The critics ignore the 90 percent of institutions that teach but do no research. They also ignore graduate and professional education, which approximates half of the enrollment of most private research universities and up to a third at some publics. One could go on, but there is little point; the arguments against research are largely rhetorical and journalistic. What is most disturbing is that these critics largely have the stage to themselves. The research universities seem reluctant to speak out on their own behalf.

Other criticisms have emanated from government. Despite the generally positive view of higher education held by the public, both federal and state governments prefer to believe that much is wrong. This hostility has taken several unconnected forms. Many conservatives believe that higher education has become a bastion of the Left and wish to challenge that dominance. They have turned their heaviest fire toward the battle over the curriculum, seeking to preserve some semblance of the Western cultural heritage against the claims of "diversity," as politically interpreted. The attack on Western culture has been waged most conspicuously in research universities, which has not endeared these institutions to the traditionalists. Apparently this accounts for their quixotic propensity to attack research as well. Lynne Cheney's volley in *Tyrannical Machines* (1990), for example, includes the usual strictures against research. Conservatives might better see the integrity of the scientific process as a counterweight to the program of the cultural Left, in which the supposed social implications of the curriculum are accorded greatest importance. Instead, many would prefer to cast doubt on the very integrity of science.

Fraud in science is a real problem but not one of the magnitude that several congressmen would make of it. Its cause is fairly evident—the excessive bureaucratization of biomedical research, principally at the National Institutes of Health, which results in an emphasis on the process of science (number of publications, etc.) rather than its substance. For science and for universities, it is more of a public relations problem: congressional hearings aimed at grabbing headlines and the sheer duration of several prominent cases convey the erroneous image that science is rotten at the core.

Congressional disrespect for institutions of higher education has been manifest most recently in the legislation that requires full reporting of crime rates around universities as well as the graduation rates of athletes. Both tasks raise problems of definition as well as enumeration. Congress apparently believes that it is protecting consumers (students) against exploitation by self-serving institutions. In truth, because many students take more than five years to graduate and universities have no knowledge of students who transfer to other institutions, noncompletion rates are a fiction. Such exercises delude the government and the press with meaningless numbers while imposing yet another burdensome record-keeping chore on higher education (Lederman 1991).

The executive branch of the federal government has harbored an unfathomable desire to investigate the most selective private colleges and universities for supposed antitrust violations. The activity in question—regularizing financial aid packages across institutions—is a form of charity that scarcely seems to be covered under the concept of antitrust. More importantly, it is an entirely laudable endeavor to prevent "bidding" for students. Its purpose is to extend limited aid resources and encourage student choice based on other than financial criteria.

At the state level, negative attitudes toward higher education have been manifest in the movement toward assessment. The underlying notion is that institutions are not educating students sufficiently on their own and, thus, must be held accountable through some form of assessment procedure. In just five years, three-quarters of the states had either implemented or planned an assessment effort (Hutchings and Marchese 1990).

Research Universities and Their Internal Critics

The cultural Left shares with its conservative antagonists a disdain for research universities. Its proponents tend to exist in and depend on these institutions, while also engaging enthusiastically in the academic rites of publishing and conference going. But they essentially reject the most basic tenets of the scientific ethos. (For the four sets of institutional imperatives that make up the ethos of modern science—universalism, communism, disinterestedness, and organized skepticism, see Merton 1973.) Instead of the universality of science, race and gender are forwarded as categories of analysis; instead of objectivity, reality is posited to be comprehended subjectively through the mind of the investigator; instead of the free sharing of scientific knowledge, scientific meetings that excluded men have been organized; and instead of being systematically critical toward their subjects, the prevailing spirit is closer to *pas d'ennemis a gauche*—literally, "no enemies on the left." Faculty holding these views have made significant inroads upon the curriculum. They also tend to seek out individuals of like views in new appointments. There thus resides an entrenched constituency within research universities who are hostile to the premises on which those institutions are based. (For a critique of these tendencies, see Searle 1990.)

Another but well-meaning line of criticism emanates from those who lead and love these institutions. Their feelings are so strong that, under the general rubric of "social responsibility," they advocate a larger role in society for research universities. Donna Shalala, Chancellor of the University of Wisconsin at Madison, wishes "to enlist the university as a primary tool for changing the culture at large": it should "function as a moral force beyond the pragmatic," exhibit "a new dedication to public service as a cornerstone of higher education," and discover and apply social science to remedy social ills (1989, 15–16). Harvard's former president, Derek Bok, urged a similar point as criticism: "Both in teaching and research," he wrote, "universities are responsive, but what they respond to is what the society chooses to pay for, not what it most needs" (1990, 44). What is wrong with these noble sentiments? The negative connotation they carry is disturbing: that universities are not currently providing sufficient public service. More serious is the fact that both statements seem to promise more than universities can possibly deliver in determining "what society needs"—certainly a matter for the political process—or causing social change—surely the responsibility of government.

On the other hand, the issue of social responsibility is not one that universities, public or private, can ignore. Universities are consequential institutions in contemporary society. They have an obligation not only to conduct themselves responsibly but also to feel and convey a genuine concern over the social implications of their manifold activities. Such a stance is made more difficult by the inherent nature of research universities. Their commitment to excellence in student and faculty achievements connects them predominantly with the privileged strata of American society. Real concern for the underprivileged is thus an appropriate counter-weight; however, social responsibility is poor ground for universities to stake their public worth. On the contrary, they seem for the most part to be discharging admirably those tasks for which they are best suited.

Ensuring the Strength of Research Universities

When measured against the actual conduct of research universities, the complaints of the critics appear rather pallid. Do they neglect teaching? Not if the preferences of students are any indication. Student demand has been extraordinarily strong at the research universities during the past decade. This demand has been the underpinning of their relative prosperity (and their annual tuition hikes). Graduate education offered in American research universities is the envy of the world. Its comparative strength, as detailed in studies by Burton Clark (1991 and forthcoming), lies precisely in its structured teaching, as well as with its integration with powerful traditions of research. Here the preferences of foreign students for study in this country are cogent testimony to the strength of our institutions.

Should our universities be distrusted, as so many in government seem to think? Individuals and corporations in the private sector have thought otherwise and have backed such belief in a most convincing manner—with outright monetary gifts. Donor behavior in the 1980s (as contrasted with the late 1960s, for example) gave evidence of great confidence in universities, both public and private, and in the importance of their missions.

Are the basic paradigms of the scientific method in need of reformulation? While an internecine struggle convulses areas of the humanities and social sciences, the techniques of academic science are being used more widely and effectively than ever in other departments of universities. Specifically, cognitive rationality, in the form of academic research, has been incorporated more rigorously in the diverse professional schools. The 1990 Nobel Prize in economics, for example, was awarded to Harry Markowitz, William Sharpe, and Merton Miller for advances in the field of finance that are now basic to business education.

This last point could be made even more strongly. The great success of research universities in the 1980s has partly been due to the fact that they harbor and cultivate expertise grounded in science across many subjects. The turning outward of the research universities has made that expertise more available to consumers of research, who have eagerly taken advantage of this opportunity. One measure of this trend is provided by industrial spending for research outside of industry (in nonprofit organizations or universities); in 1970, universities received only 42 percent of these expenditures, but in 1989 their share was 67 percent (Geiger 1992a). This burgeoning demand for university expertise bears on the final criticism.

From an economist's point of view, what society pays for is what it needs, or at least what it wants. In this respect, universities have emphatically demonstrated their usefulness in the 1980s with such breakthroughs as new superconducting materials, genetically engineered substances, and a host of other discoveries. These activities should be interpreted as the best fulfillment of their social responsibility.

The great strengths possessed by contemporary research universities should not be cause for gloating or complacency. Their essential mission of advancing knowledge and providing excellence in education is immensely challenging. The problems facing them are real and daunting, all the more so because the 1980s were a comparatively easy decade and the 1990s promise to be far more difficult (Kerr 1990). All of the resourcefulness that they can command will be required to sustain their complicated and costly enterprise. But critics who have argued that the research universities are somehow on the wrong track are simply missing the larger picture. The first responsibility of research universities ought to be to continue doing what they have done so well—cultivating challenging education for highly talented undergraduates, providing the strongest graduate training in the world, performing research at the frontiers of knowledge, and sustaining a reservoir of expertise that can be called upon by American society. The leaders of American research universities bear a heavy responsibility not just in facilitating the attainment of these objectives at their respective institutions, but also in helping to articulate the importance of these functions to the rest of American society.

Note

1. These trends are treated more thoroughly in the author's volume, *Research and Relevant Knowledge: American Research Universities since World War II* (1992). Data presented here are drawn from the National Center for Education Statistics' *Digest of Education Statistics, 1988,* the National Science Foundation's series on "Academic Science/ Engineering R&D Expenditures," and the Council for Financial Aid to Education's *Voluntary Support of Education.*

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International Perspectives on Trends and Issues in Higher Education Policy

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Introduction

The first chapter of this volume outlined the main theoretical frames of reference for the 11 country studies to follow. The concepts presented touched upon such important issues as: changing patterns of government/institutional relationships; autonomy and academic freedom; accountability and quality; the role of market-like forces in shaping higher education systems; public-private and state-federal relationships in higher education; and the role of intermediary bodies. The data and interpretations in each of the 11 country studies address the main themes in one form or another. It is the task of this concluding chapter to draw the different and sometimes disparate threads of the country-specific experiences together. The tapestry to be woven by these threads is multifaceted, reflecting the great variety of history, culture, size, age, and geographical location of the countries included in this study. But close observation does reveal a few common themes, as well as substantial differences in country-specific experiences.

This chapter will not summarize the country reports. Each report is fairly succinct and concludes with its own overview. Rather, here we will concentrate on what appear to be the main trends and issues emerging from the country reports taken as a whole. The discussion will concentrate on:

- diversity in higher education systems (systemic, programmatic, and structural diversity);
- authority, governance, and management in higher education systems (systems and institutional level);
- policy instruments (systems and institutional level);
- quality and accountability;
- the state of transition.

Diversity in Higher Education Systems

The literature on higher education often emphasizes the remarkable stability of the university—and its various derivatives over most of its extensive history. Kerr, for example, observes that:

> about eighty-five institutions in the Western world established by 1520 still exist in recognizable forms, with similar functions and unbroken histories, including the Catholic church, the parliaments of the Isle of Man, of Iceland and of Great Britain, several Swiss cantons, and seventy universities. Kings that rule, feudal lords with vassals, guilds with monopolies are gone. These seventy universities, however, are still in the same locations with some of the same buildings, with professors and students doing much the same things, and with governance carried on in much the same ways (Kerr, 1982: 152).

Insofar, then, that diverse means "unlike in nature or qualities; varied, changeful" (Oxford English Dictionary), what relevance does the concept of diversity have for higher education?

A number of authors have argued that it is the very diversity of higher education that provides its stability. The thesis is that the division of labor in higher education based on professional knowledge and professional expertise produces diversity and structural disintegration, which in turn protect the equilibrium of the whole. A national system of higher education can also be regarded as a set of disciplines and professions, but each isolated from the other, and with its own particular set of norms, values, and culture. As Clark (1983: 14–15) states: "the harsh fact is that those who handle the materials of microbiology and those who deal in medieval history do not need one another to get on with the work, either in teaching or research or service." Even more to the point is the fact that pressures and conflicts produced by increasing professionalism and specialization in higher education have been met with increasing differentiation, not unification. "In separating tasks, specialization pulls apart groups that otherwise may have to fight it out . . ."; for example, "biochemists and chemists do not have to fight over turf within a chemistry department if biochemists can develop their specialty to the point of a separate department" (Clark, 1983: 219). The idea that groups in potential or actual competition with one another create boundaries between themselves, in order to avoid direct conflict and possible defeat, is a central sociological construct (cf. Durkheim's theory of the division of labor in modern society).

The issue of diversity is important for a number of reasons, one of which concerns the wish to optimize the responsiveness of higher education systems to societal needs. Changes in government policy towards higher education often have the stated intention of creating higher education systems that are more flexible, adaptive, and responsive to community needs and economic priorities. Complex societies and differentiated economic markets display a wide variety of needs that, supposedly, cannot be fulfilled by a single type of higher education institution, hence the need to diversify. Systems that are more diversified are better able to respond to a wide variety of needs. In this respect it is often claimed that the strength of the American system of higher education lies in its diversity. According to the Carnegie Council (1987: 2), "we [i.e., the U.S.A.] celebrate the diversity, acknowledging that our system of higher education is the envy of the world. . . ."

Birnbaum draws on a biological metaphor to explain the importance of diversity along another line. Differentiation "leads to stability that protects the system itself. Species diversity must be maintained to ensure the specialized functions upon which the system depends and to prevent the unpredictable breakdown of the system if a critical element is removed. Evolution of the system occurs as organizations seek their resources within available niches; those most fitted to a particular niche survive" (Birnbaum, 1983). Stadtman (1980) lists six benefits of diversity for higher education:

- diversity increases the range of choices available to learners;
- it makes higher education available to virtually everyone;
- it matches education to the needs and abilities of individual students;
- it enables institutions to select their own mission and confine their activities;

- it responds to the pressures of a society (complex and diversified in itself);
- it becomes a precondition of college and university freedom and autonomy.

Some of these benefits overlap with the reasons just mentioned. Others seem to be elaborations of the arguments in terms of responsiveness and stability. Whether or not Stadtman's presumed benefits of diversity are achieved in reality is an empirical question. But, obviously, diversity is a fairly broad concept. In order to get a better idea of how the 11 countries in this study have approached diversity, we will look at it from three angles, using three categories of the general concept of diversity: systemic, programmatic, and structural diversity

Systemic diversity

This form of diversity refers to differences between institutions as regards their tasks, size, and control (Birnbaum, 1983: 45). The higher education systems covered in this study show remarkable differences as regards their systemic diversity. Also, some of the countries involved are experiencing a fundamental transformation of their higher education systems, Australia and the United Kingdom in particular, having important consequences for the nature of their systemic diversity. Over the last decade other countries, like Sweden and the Netherlands, have experienced quite extensive reforms of their higher education systems, that might in the near future have a far-reaching impact on their systemic diversity. Still other systems, such as the one in Ontario, seem to have been remarkably stable during the period of time covered by this report.

Whether stable or not, one of the main issues confronted by the different higher education systems is the problem of what tasks to allocate to universities and what higher education functions to place in other "types" of higher education institutions. Neave (1983) argues that "all systems of higher education display a dynamic towards integration." While government policy may be aimed at sustaining a non-integrated system, "there is nevertheless," according to Neave, "an undisputable move towards integration, even though from the policymakers' perspective, it constitutes a regression toward the priorities, values and practices found in the 'noble' [university] sector."

The data presented in this study cannot falsify this "hypothesis." Clearly, in some countries, institutional ambition and systemic differentiation have worked against one another. This seems to be particularly the case for the binary systems in Australia and the United Kingdom, which have collapsed, mostly under the weight of the campaign by non-university institutions to gain funding parity and equal status with universities. Also, in the binary system of the Netherlands, the relationship between the universities and the non-university institutions for higher vocational education is under pressure. The latter challenge the monopoly of the universities with respect to some of the tasks traditionally assigned to the universities, like doing research and having the right to award Master and Ph.D degrees. In contrast, the complex tripartite structure of the public sector in California has been held together by conscious legislative decision. One could almost view the Californian system as a treaty of mutual benefit between the three public sector higher education domains. But even in this relatively stable system, tensions exist between the different types of institutions, especially as a consequence of the ambitions of some of the California State Universities to enter the domain assigned in the 1960 Master Plan to the University of California institutions.

Probably the key to stability in diverse higher education systems lies in the legitimation of roles and tasks for different types of institutions. There are at least two aspects to the issue of legitimation: one concerns institutional self-interest in the context of the spread of benefits from a limited pool of resources, and the other relates to the permeability of boundaries between different types of institutions. In the Californian system, for example, each type of institution benefits from the hierarchical tripartite structure. The "elite" research institutions belonging to the University of California are insulated from mass demand by the community colleges, and at least some of the popular support enjoyed by the community colleges is based on the notion that a student can progress from an associate diploma at the local college to a Ph.D at Berkeley (even though not many do so). A breakdown of that structure would probably result in a "war of all against all" which would benefit no one. The Californian system is permeable with respect to students, but closed (at least in theory) as regards type and level of course. In Australia and the United Kingdom, the opposite situation prevailed. Universities and colleges/polytechnics taught much the same type and level of course and recruited more or less from the same pool of students, but the latter received less financial and social benefit for doing so. Thus, the success of the campaign against the binary structure in these two countries is not surprising. What will be interesting to observe in the future is whether (and if so, how) the newly established unitary systems in these two countries begin to diversify.

In France systemic differentiation is not imposed by law. Diversity is safeguarded by the specialized and profession oriented focus of institutions outside the universities. These institutions have a clear self-interest in training students for specific vocations. There are some indications, however, that the stability of the French system may be threatened: the "unwanted" inflow of IUT and STS graduates in universities, along with the start of the opening up of universities (contracting policy) and *Grandes Écoles* to the needs of society, may blur the clear segmented structure of French higher education.

Whether formally differentiated or not, Trow (1984: 132) maintains that all higher education systems are stratified: higher education is itself "a stratified system of institutions, graded formally or informally in status and prestige, in wealth, power, and influence of various kinds." Moreover, there is not only a remarkable degree of stability to the various types of stratified structures across time and place, but also a great deal of similarity in their basic elements, involving "(1) the stratification of sectors of higher education; (2) the stratification of institutions within sectors; and (3) the stratification of units and departments within institutions" (Trow, 1984: 137). But it is not always the universities that are on the "top of the heap." In France, for example, the "elite" institutions are the more technically and vocationally oriented *Grandes Écoles;* and with respect to the *Grandes Écoles* there are elites amongst the elites.

The structure of German higher education also presents some interesting examples of diversification. First, it is interesting to note that the 1970s experiment to create comprehensive universities is generally regarded as a failure (Cerych and Sabatier, 1986). Second, the introduction of the vocationally oriented *Fachhochschulen* in the 1970s appears to have been quite successful. The German universities traditionally enjoy a higher societal prestige, and yet the *Fachhochschulen* are strengthening their societal esteem, because they are in general more successful in their relations with the labor market. The distinction between the two sectors appears to be the sole form of systemic diversity in the German system. In recent years there have been proposals for structural reform to stimulate the development of meaningful differences between institutions of the same category by introducing elements of institutional competition. Due to the funding mechanism and other aspects of German higher education policymaking, up until now mainly lip service has been paid to this matter. Third, German unification presents particular problems for higher education, finance being one of the obvious ones. But structurally, it does not appear that unification as such has challenged the hegemony of the German university. While unification may have presented the nation with the opportunity to rethink the entire structure and character of higher education, it does not seem that this option has been exercised. Rather, the former East German institutions are being recast in the image of the traditional West German university. With respect to diversification of higher education, history and tradition, as well as vested interest, play most important roles.

In nearly every country, the most important factor that seems to differentiate universities from other types of higher education institutions is research, pure or basic research in particular. While, in some countries, non-university institutions may be supported for some applied research, almost everywhere the bulk of money spent on research in higher education goes to the universities. Some countries, like the Netherlands, have even formally prohibited their non-university higher education institutions from engaging in basic research. Research seems to be one factor that helps support the sectoral hegemony of the universities, but the research differential is also a double edged sword. While universities may jealously guard their control over research, other institutions may resent them for having this privilege, which in turn can lead to campaigns to break the sectoral hegemony of the universities. It is interesting, for example, to observe in France that the *Grandes Écoles* are now assuming some research functions, while the universities are engaging in executive management education for the public service, once the sole province of the *Grandes Écoles.* In Japan the goals of the various sectors are not clearly discriminative. In addition, as is suggested by the outcomes of a national survey, most academics, in all institutions from graduate schools to junior colleges and colleges of technology, are more oriented towards research than towards teaching.

In addition to research, the nature of their student bodies distinguishes universities from the non-university institutions in the countries covered in this study, in that the best students enroll in the (top) universities. France is the exception to this rule, since the most prestigious *Grandes Écoles* and not the universities attract the best students. Even in countries where the formal differences between universities and non-university institutions are blurring or have disappeared, like Australia, the Netherlands, and the United Kingdom, the old universities still attract the most talented students.

Before concluding the discussion on systemic diversity, it is worthwhile to note that in those countries that have moved from sectoral differentiation to unitary systems of higher education, there is some expectation on the part of policymakers that institutional diversity will be maintained through market competition. Competition and market-like forces rather than policy *per se* are to produce diversity. It has been noted in some of these countries, however, that the reward structures may increase institutional imitation, not diversity, and, in this sense, policies appear to be self-contradictory (Maassen and Potman, 1990). We will come back to the issues of competition and markets later on in this chapter.

Programmatic diversity

This form of diversity concerns institutional differences in their supply of educational and research programmes, and services activities. Clearly, there is a close interrelationship between programmatic diversity and systemic diversity. Within a higher education system various types of higher education institutions can exist, with these different types offering similar educational programmes. This appeared to be the case for the Australian and British systems just prior to the recent reforms. In contrast, formally unified systems can contain institutions doing quite different things with respect to both teaching and research. This form of programmatic diversity is quite apparent in some private sectors of higher education, such as in the United States. While institutions may share "privateness" in common—and the related authority structures that derive from belonging to the private sector there is great diversity of level and type of educational programmes between institutions. In California, for example, the Clairmont Colleges (except for the Clairmont Graduate School) concentrate their teaching at the undergraduate level and do not attempt to compete with other private institutions, such as Stanford or Cal Tech, for research programmes and funding.

It was already mentioned above that there appears to be some relationship between the way in which programmatic diversity is handled and the stability of systemic differentiation. But it also seems that if "upward academic drift" in type and level of course offering is not to occur between sectors within formally differentiated systems, there need to be clear government policies that prevent this from happening. The Ontario Provincial government, for example, seems to keep a rather tight reign on the CAATS, while allowing the universities much more autonomy and freedom of action.

Looking across the 11 different countries, one is impressed by the degree of diversity in what courses are offered at different levels of higher education. For example, in some countries, nursing education is regarded as a non-university course, while in others it is offered by the universities. The same applies to, for example, teacher training programmes.

In addition there are some striking differences in the length of the programmes offered by different types of institutions. In Denmark, for example, the colleges are only allowed to offer medium-level programmes of 3–4 years, while the universities can offer medium-level as well as long programmes of five years. In the Netherlands, on the other hand, the nominal length of the programmes offered by the universities is the same in practice as the length of the HBO-programmes, i.e., four years. These differences have their specific impact on the national debates on the relationship between the universities and the non-universities. Switzerland can be regarded as another interesting example in this matter. In the nonuniversity sector there are considerable differences between institutions with respect to, for example, the nominal length of the educational programmes and admission policies. In the university sector, no general guidelines exist regarding the length and nature of the curricula with the exception of technical and medical programmes.

Structural diversity

This form of diversity has to do with differences in the legal foundation of institutions, i.e., external structural factors, as well as with differences in governance structures of institutions, i.e., internal aspects. There are immense differences amongst the countries in the types of legislation that apply to higher education and how legislation is used to steer higher education systems. However, the topic of legislation and governance is better left to the sub-section on authority. Here, we will address the topic of public-private and state-federal differentiation of higher education.

Although all of the countries have some form of private higher education institutions, only two of the cases contained in this book have significant private sectors of higher education: California and Japan. While some institutions in the other countries, such as the Netherlands, can formally be called "private" (usually those with a religious affiliation), they are, for all intents and purposes, public institutions. Also, the private institutions of Germany, France, Sweden, and the United Kingdom can be regarded, at least in size, as being rather peripheral to those countries' systems. (Private funding of public institutions will be discussed under policy instruments.)

There are a number of observations to be made about systems with significant private sectors of higher education. First, there is no such thing as truly "private" higher education. Government and the public sector intervene in private higher education in a number of ways. Many private institutions receive a substantial proportion of their funding from the public sector. Research activities at Stanford, for example, are heavily dependent on federal government research funds. Also, as is the case in California, the State usually plays some role in the licensing/accreditation of private institutions. In Japan, private institutions have recently been placed under the supervision of the Minister of Education; this implies that each institution, private as well as public, must be chartered by the Minister through the review of the University Chartering Commission. Second, in dual public-private systems, like in California, the most prestigious of the private institutions may hold equal esteem with the most prestigious of the public institutions. However, rarely, if ever, do private institutions uniformly enjoy more prestige than public institutions. For example, while Japan has an extensive private sector of higher education, it is the older public universities that form the top of the status hierarchy. Third, there appears to be a greater variety of institutional type, and particularly of institutional quality, in the private than in the public sector. Both California and Japan express significant doubts about the quality of some of their private higher education institutions. Somewhat paradoxically, however, a certain range in quality amongst some higher education institutions can serve to protect both the quality and diversity of the system as a whole (cf. Trow, 1974). We will return to this issue under the topic of quality and accountability.

Significant private sectors have their roots in the historical development of particular systems of higher education. "Privatization" (taken here to mean the growth of "privateness" within public higher education) and market-like competition, however, have arisen on the higher education agenda of many countries, whether primarily public or with dual public-private sectors. Also, shifts in public-private relationships have led to changes in many spheres, not only within higher education. Changing socioeconomic relationships in Central and Eastern Europe, for example, point to a significant push towards privatization on a grand scale. With respect to higher education, as Levy (1991: 7) notes, "privateness is . . . seen as providing more incentives for efficiencies for actors from students to administrators. Supporters of privatization find vindication in the trends of the last fifteen years or so. In the most developed countries, this marks a striking reversal of the decreasing privateness of post-war decades. Thus, the public universities of Europe have come to look much more favourably on private finance to augment resources, offset lost government funds, and provide energizing competition."

Privatization is being embraced as an ideology in its own right and as a reaction to what is perceived as "public failure." Behind many of the changes in the relationships between governments and higher educational institutions is the philosophy of "economic rationalism"—a belief that market forces, rather than state intervention, will make institutions more cost-effective and better managed, as well as making higher education systems more fluid and responsive to client needs and demands. The market competition "is posed as the solution to good government, the condition for a healthy economy, and the chance for a better education" (Perkins, 1987:1). It has, for example, been argued that privatization since 1979 has gradually become one of the major policy priorities of the Conservative government in the United Kingdom, in higher education as in other areas (Walford, 1991).

In the first chapter of this volume, it was pointed out that "pure" market coordination is not feasible in higher education; only quasi-markets can be designed to operate in this sector. However, the idea of market coordination appears to have gained great popularity in higher education policymaking. The higher education policies of many of the countries reviewed in this book appear to be leaning towards enhancing institutional competition and providing institutions with more opportunities to engage in entrepreneurial activities. Only in Canada, it seems, has a conscious decision been made to curtail institutional competition. Even in countries with highly centralized systems of higher education, there is talk (and some action) of greater institutional competition and the promotion of entrepreneurial activities of public higher education institutions.

Privatization and market competition may be mere fads in higher education policy, but the pursuit of these trends from a variety of different directions would lead one to believe otherwise. Also, the significance of the lean towards competition, de-regulation, and entrepreneurialism is given some credence by the fact that it seems that kindred forces are pushing different higher education systems in similar directions. Governments in different places seem to be formulating similar responses to the problems facing their respective higher education systems. This may be due, in part, to similar responses to similar environmental circumstances. Economic instability, rising unemployment, flagging export markets, trade imbalances, and inflation know no national boundaries. Traditional manufacturing industries are being replaced by the so-called "knowledge processing sector," to which, seemingly, higher education has a particular economic contribution to make. The social service burden on national treasuries is rising everywhere, coupled with "pressures to cut government expenditure and to demand greater efficiencies from public sector institutions and enterprises" (Harman 1989: 6).

If the push towards institutional competition, de-regulation, and privatization is a pervasive and long term trend, then it is an interesting phenomenon indeed, for it appears to represent a reversal of governments' attitudes in their relationship with higher education. Trow (1984: 143) notes that during the 1950s, 1960s, and 1970s most Western governments were not willing to trust to the private sector the achievement of basic social goals: "governments since World War II have intervened directly in higher education systems to democratize access and governance, to increase the relevance of studies for the economy and careers, and, perhaps above all, to increase their own influence over the size, shape, costs, and future direction of the higher education system." And Trow goes on to claim that "states on the whole do not like the market principle: its results are unpredictable; it gives power to institutions and their members, or to students and their parents, rather than to society and state officials" (1984: 143). We will return to this topic in more detail in the discussion of authority in higher education, but first a few words need to be said about state-federal relationships.

Of the countries reviewed in this study, five are political federations: Australia, Canada (Ontario), Germany, Switzerland, and the U.S.A. (California). But within these federations, legislative control of higher education does not necessarily translate into actual control. The California State legislator and the Ontario Provincial legislator have direct and substantial control of higher education. In Australia, although higher education is the direct legislative responsibility of the states, at the system level the federal government makes most of the important decisions through its power of the purse. In terms of the balance of power between the state and national levels, Germany and Switzerland seem to fall somewhere between the Ontario and Australian extremes. The German *Länder* each have substantial control over higher education, but they also act collectively through the Permanent Conference of the State Ministers of Culture. Other influential national bodies are the Federal and Länder Commission on Educational Planning and Research Support, and the Science Council. The situation in Switzerland is comparable, although on a smaller scale. Higher education legislation is mainly a responsibility of the individual cantons, and a framework law for Swiss higher education does not exist. The bottom-up approach is strongly rooted in the Swiss system, as each canton has a *de facto* veto position. Recently, however, the federal government has attempted to push the institutions into certain directions. Specific programmes are being developed and measures are taken with respect to those subjects that are considered to be of national importance. This shift from cantonal towards federal influence entails an element of inter-institutional competition, that can be regarded as a completely new aspect in Swiss higher education.

The Californian system is also influenced by national bodies, such as the National Science Foundation for the funding of research, and agencies that allocate federal aid to students. It appears to be difficult to find a general trend in state-federal (national) relations in higher education. On the one hand there is an increase of the influence of the national level in federative systems; this development is, for example, quite pronounced in Australia. On the other hand this process is virtually non-existent in Ontario. Apparently, a dominant general trend cannot be formulated regarding the state-federal relations in higher education.

In terms of student access to higher education institutions, state boundaries are quite permeable in Australia and Germany, but in California, students are charged substantially higher tuition fees in the out-of-state public institutions.

Conclusion

In all countries covered in this book, diversity is an important policy issue. In general, it is regarded as desirable to maintain (California, Canada, France, Germany, Switzerland), or enlarge (Australia, Denmark, Japan, the Netherlands, Sweden, the United Kingdom), the diversity of the system. However, since it is not always clear which form of diversity is meant, as the point of departure differs from country to country, it is obvious that the purposes of and instruments for maintaining or enlarging diversity, as well as the results up until now, show remarkable differences between the 11 countries involved.

Authority

It is often noted that the authority of higher education is ultimately derived from knowledge, and that its governance is determined by the way in which knowledge is handled. Authority over higher education and authority of higher education are not the same thing. There is some expectation, however, that government policy on higher education should take account of higher education's fundamental characteristics (Maassen and Van Vught, 1992). Higher education can be regarded as a social system in which the handling of knowledge is the most crucial activity. From this core activity, a number of organizational principles can be derived. The first principle is that knowledge areas form the "building blocks" of a higher education institution. This principle leads to a fragmented organizational structure consisting of specialized cells that are only loosely coupled.

The second principle concerns the need to diffuse decision making power. Since the basic production processes in universities and colleges are knowledge-intensive, there is a need to decentralize. As a consequence, a university takes more after a federal system or an organization like the U.N., than a unitary state.

The third principle has to do with the innovative powers of higher education institutions. Contrary to conventional wisdom, change is a crucial characteristic of universities and colleges. The primary processes, teaching and research, are adapted continuously, although in most occasions only incrementally. Because of the fragmentation of tasks and the extreme diffusion of decision making power, major, sudden, and comprehensive changes are rare in higher education institutions.

The final principle, typical for higher education in continental Europe, is the way authority is distributed. Traditionally, authority as regards the primary processes is concentrated at the "lower levels" of higher education institutions, i.e., at the level of the academic professionals. Responsibility with respect to the procedural matters can be found in the Ministries of Education and other government agencies. This has resulted in a weak institutional administration. The relative weakness of authority at the institutional level in European higher education comes to the fore when (strategic) institutional decisions have to be taken. Very often such decision processes consume a lot of time, involve a large number of academics and administrators, and often result in watered-down compromises (Maassen and Van Vught, 1992: 10).

Higher education is not a unified mono-purpose enterprise, but a collection of diverse disciplines and professions, each pursuing its separate goals, aims, and interests. The discipline is the basic organizational and political unit within higher education, which itself both structures and is structured by knowledge. It is the academic division of labor based on knowledge that provides higher education with its particular characteristics and poses special problems of management and coordination both at the institutional and system levels.

The relationship between higher education institutions and system-wide authority structures clearly influences such matters as change, quality and structure, and diversity. But the nature of this relationship, and its effects, have not been adequately examined until recently. Past theories on the ability of higher education institutions to exercise initiative in the context of system-wide authority structures have often been organized on a continuum. At one end of the continuum is the "bottom-up" type of system, where government policy follows rather than leads a change process initiated at the departmental, faculty, or institutional level; at the other end of the continuum is the "top-down" type of system, where institutions merely respond to government-inspired policy initiatives which are enforced by the power of the state. "Bottom-up" systems are characterized by high institutional autonomy and control mechanisms that rest more on a competitive market than on state legislative authority; "top-down" systems are characterized by the opposite. Such a conceptualization of change, however, has limited explanatory value (Meek, 1991). The location of a national system of higher education on the continuum may assist in the identification of the relative power of individuals and groups, but this explains little of the dynamics of change.

In a "top-down," centrally funded, national system of higher education, government is a highly significant actor. But no government has absolute power, or at least it cannot exercise it absolutely. Governments are themselves part of the higher education system, and their policies are either constrained or furthered by the norms, values, and interests of other parties within the system.

Another view of change in the public arena focuses attention on the impotence of government policy: however rational or equitable the goals of public policy, the policies themselves are often rejected or negated by an implementation process highly influenced by entrenched institutional tradition and vested interest (Wildavsky, 1979; Wurzburg, 1989). Much of the writing in the field of higher education is about the remarkable social stability exhibited by the university organization despite attempts by governments and others to change it.

Certainly, academia has been a rather stable, socially cohesive and resilient institution since its inception in medieval Europe. But there are occasions when entire higher education systems have been knocked off balance and extensive, fundamental change has occurred. Here, Clark's (1983: 236) definition of fundamental change is useful: "particularly in systems where tasks and powers are extensively divided and dispersed, change in structure is what fundamental change means. Structural change modifies who does what on a regular basis; and who decides regularly on who will do what."

The degree and extent of change in a complex system, such as higher education, is dependent upon the intersection of interests, strategic behavior, norms and values, and ideologies of all concerned. The question is not solely one of government intervention (effective or otherwise), but one of how and why conditions prevail to the extent that systems do engage in extensive and far-reaching change. Until recently, however, it seems that several governments in their steering strategies on higher education have insufficiently realized that they are only one component in the dynamics of higher education.

Van Vught (1991) identifies two primary traditions in government steering of higher education: the state control model (or what was referred to in Chapter 1 as the interventionary state), and the state supervising model (or the facilitatory state). The state control model treats higher education as a homogeneous enterprise, with government attempting to regulate all aspects of the dynamics of the higher education system: access, curriculum degree requirements, the examination system, appointment and remuneration of academic staff, and so on. This model does not recognize the loosely coupled, multidimensional character of higher education.

In contrast, in the state supervising/facilitatory model, the influence exercised by the state is weak, with many of the basic decisions on such matters as curriculum, degrees, staff recruitment, and finance, left to the institutions themselves. The state sets the broad parameters in which higher education operates, but fundamental decisions about missions and goals are the province of the system and its individual institutions. The state control model has a strong tradition in (continental) Europe. However, in several Western European countries there are signs of changes in the relationship between higher education institutions and government. Governments have for a long time relied on tight regulation of higher education and have been somewhat disappointed with the results. Hence, this has led to the argument that if institutions were given, within clear government guidelines, more responsibility to formulate their own missions and goals, higher education would be more innovative and responsive.

The shift from a state control to a state supervisory model of higher education regulation appears to be having the desired results. Van Vught presents evidence to suggest that self-regulation is positively associated with innovation in higher education and argues that "the strategy of self-regulation appears to be better suited to the context of higher education" (Van Vught, 1989: 114). According to Van Vught, self-regulation:

> acknowledges the fundamental characteristics of higher education institutions and it tries to make use of some of these characteristics to stimulate the innovativeness of the whole system of higher education. By limiting itself to only global forms of steering and by putting its confidence in the self-regulatory capacities of the professionals and the basic units of the higher education institutions, this strategy has the potential to become an effective approach to reach the basic objective of many . . . nations.

Steering/coordination principles at systems level

The evidence from the country studies in this volume suggests that a number of governments are either willing to consider stepping back from the direct control of higher education, or have taken substantial measures to move in this direction. The evidence presented also clearly shows that no government is going to abdicate its responsibility to steer the higher education system, but the trend is towards steering at a distance—setting the broad parameters for higher education development, while leaving most of the details and initiatives to individual institutions. This is accompanied by de-regulation in a number of areas, and a strategy of market-like competition and privatization as discussed above. Change in government policy is not uniform across the 11 countries, nor are all policies totally consistent with one another within countries, but the trend appears prevalent.

Of course, we must be careful not to overstate the extent and significance of trends towards de-regulation in higher education. First, "movement" and "change" are probably the wrong words to use with respect to the higher education coordination mechanisms in California and Ontario. These systems have traditionally allocated a good deal of freedom and autonomy to their higher education institutions, particularly to their research universities. Also, it should be noted that while North America is held up as the paradigm of market-driven higher education, we find in both California and Ontario a good deal of government control over structures and programmes. Where change is occurring in the coordination of higher education, it is not occurring at the same pace. Australia, the Netherlands, and the United Kingdom appear to be well down the road towards the state supervisory model of higher education. These countries are followed closely by Denmark, Japan, and Sweden. In Japan, for example, the government has quite recently announced a policy to move away from a paternalistic strategy with detailed instructions and guidelines, towards broader regulations that leave basic decisions to the institutions, allowing them to develop their teaching and research activities in a more flexible and autonomous way. In Germany and Switzerland, however, partly as a consequence of the federal structure, the direction is less clear. Up until now, it seems that the governments in these countries have increased the autonomy of the institutions in words rather than actions. Nonetheless, in general, the changes in government attitude towards higher education coordination and control are significant, and the fact that they are quite similar in a number of countries indicates that a general trend is found in this field.

The introduction of state supervisory models of higher education coordination has not been without its trade-offs. At the same time that some governments are giving higher education institutions more freedom of movement, they are demanding the enhancement of internal management efficiency and effectiveness and the institutionalization of measures to assure accountability and quality. But there is little or no evidence to suggest that government action has eroded substantive autonomy (as defined in Chapter 1), while it appears that in a number of areas, procedural autonomy has been extended, or at least adapted.

Rather than viewing autonomy as an absolute, one can regard it as a relational issue involving the balance of power between institutions and government on the one hand, and between administration and the academic profession within institutions on the other. Possibly, direct threats to the substantive autonomy of academic professionals are more closely associated with the internal balance of power between executive and collegial governance than with external intervention, though the executive arm of the institution may act as a proxy for government bureaucrats. Institutional autonomy provides no absolute protection of substantive autonomy.

It seems that the more governments move in the direction of self-regulation and steering at a distance, the more they will desire the strengthening of management authority. Neave and Van Vught (1991: 242) argue that the recent "managerial revolution" that has swept through higher education has a number of components to it, but few so important as the withdrawal from what has been termed the political model of institutional management. This model, being the result of the political debates on higher education in the 1960s and early 1970s, is now being superseded by another model: the model of managerial professionalism. In fact, the degree to which management authority is strengthened may be an indicator of the degree to which self-regulation is practised. The coupling of self-regulation with enhanced management authority seems to be occurring both within countries with a tradition of weak management authority at the institutional level (most Western European countries) and in countries with relatively stronger traditions of management authority at the institutional level (such as Great Britain and Australia).

As explained earlier in this section on authority, traditionally, in the continental European higher education systems, authority as regards primary processes was concentrated at the "lowest" level of the systems, i.e., at the level of the academic professionals, while authority with respect to procedural matters was located at the "highest" level, i.e., at the level of the national, *Länder,* or canton ministries of education and science. As a consequence, institutional administration was rather powerless. In looking at the recent dynamics of higher education coordination in many of these countries, it is clear that serious attempts are made to strengthen the authority of the "middle" level, i.e., the level of the institutional administration. Especially in the Netherlands, these attempts have resulted in a number of measures increasing the procedural power of institutional administrators in the area of finance and personnel management. In Denmark also, institutional administration has been reinforced. In other countries, e.g., Germany, the discussions on strengthening institutional administration have in practice not (yet) led to actual measures in this matter.

Changes in the direction of government steering of higher education have not been without resistance. In several countries, a proportion of the academic community has been most vocal in criticizing government for draconian tactics, undue interference in institutional affairs, erosion of institutional autonomy, and so on. If de-regulation and the enhancement of institutional autonomy are what is really happening, then how can the criticism of government policy be explained? The chapter on Denmark offers a number of plausible explanations, and these are summarized below.

- Although institutions' degrees of freedom over internal budget allocations has increased, budget cuts or stagnation in relation to rising student participation have put both academics and administrators under pressure. This, in turn, results in more stringent internal budget allocations. The stinginess of government as paymaster (which actually may be no fault of the government) is interpreted as increased centralized government interference in institutional affairs.
- Where changes from above disturb research and educational activities, increase workload, and disrupt well-known procedures—even if the purpose of the policies is to enhance institutional autonomy—they are regarded as unwelcome government interference.
- Government policy on increased institutional self-regulation is often linked with demands for institutional accountability: evaluation of study programmes, emphasis on quality control, and the introduction of performance indicators. Accountability demands are equated with government centralism in a new disguise.
- Government policy designed to strengthen the power of central institutional administration is not always welcomed. Universities are governed by a number of elected bodies, and, in a fragmented and bottom-heavy institutional structure, increased autonomy at the central institutional administrative level is in potential conflict with the autonomy of decision making bodies at the faculty and department levels. Institutional autonomy may be in conflict with department/faculty autonomy.
- The replacement of traditional centralized ministerial regulation by market regulation is perceived by some as just another, more sophisticated strategy for the accomplishment of ministerial goals. Some institutions may prefer the traditional bureaucratic methods, as ministries are more predictable and certainly more sensitive to political arguments than are markets.

Of course, in none of the countries, including Denmark, is there unified academic opposition to government policy. Government reformers also have strong allies in the academic community. In addition, it must be remembered that in every institution there is always a degree of conservative reaction to any change.

As stated above, substantial change in higher education means change at the basic academic unit level. The expressed concerns of many academics certainly suggest that change is touching their day-to-day lives. However, it is far to soon to tell whether recent government policy initiatives in some countries are substantially altering the basic sub-structure of academic organization, and there is also a question of whether it should. But where change is most apparent, and where many of the policies are directed, is at the institutional level.

Authority and management at the institutional level

Clearly, the governments of some countries in this study, i.e., Australia, Denmark, the Netherlands, Sweden and the United Kingdom, wish to see a substantial strengthening of institutional management. This is to be accomplished through: changes in the composition of governing bodies to change them into company-like boards; the streamlining of decision making within institutions, providing greater power and authority to chief executive officers; and changing the nature, task, and role of the democratic institutional senates and councils from control oriented to advice oriented. If institutions are to be more competitive in a market-like environment, then, it is presumed, they must be faster and more responsive in their decision making.

It appears that the new model of managerial professionalism brings along several features. One is the new balance that seems often to be created between the various constituent interest groups at the institutional level. "External interests" (regional industry and commerce, social partners) appear especially to gain increased influence in several countries, e.g., France and Sweden. Another feature is the growing attention at the institutional level to strategic management approaches. Enlarged autonomy forces institutions to assume responsibility for their own strategic choices and to formulate long-term plans, and institutional missions and profiles. A third feature is the extension of management accountability. The new responsibilities lead institutional managers to the use of sophisticated accountability schemes and output-driven financial allocation models, thereby often creating new tensions within the institutions.

There remains one issue with respect to institutional management which has not yet been touched upon: the role of intermediary bodies ("buffer" organizations).

Buffer organizations

Insofar as they have been constituted by the academic profession and represent academic interests, buffer organizations can be regarded as a collective extension of institutional management. The paragon of this model was the UGC in Britain. In several instances, these types of buffer organizations, where they existed, have either been transformed to serve more directly government interests, such as in the United Kingdom, or removed, like in Australia. The transformation or removal of buffer organizations is often interpreted as a desire on the part of government to have more direct control over higher education institutions and systems, but this is only partially true. Many governments faced with severe fiscal problems are attempting to assume more direct stewardship of the economy, and have regarded statutory intermediary bodies in a variety of spheres as cumbersome, wasteful, and inhibiting of the full play of market forces. The transformation or demise of higher education buffer organizations have been caught up in a more general trend of government disenchantment with statutory authorities—which seems to be the case in Australia and Britain as well as in Sweden. However, there is little evidence to suggest that the removal of buffer organizations has challenged institutional autonomy—in fact, in Australia it appears to have actually enhanced procedural autonomy. In the U.S.A., most state governments seem to have rejected the lure of centralized authority (of the so-called consolidated governing boards) in favor of the somewhat greater autonomy embodied in the so-called coordinating boards (Schmidtlein and Berdahl, 1991: 8). Most us states appear to prefer the type of buffer organization that acknowledges the importance of a reasonable level of institutional autonomy.

Examples of buffer organizations dominated by institutional representatives can be found in most countries. In the Netherlands, for example, both the universities and the HBO-institutions have their own umbrella organization. The HBO-Council, has played an important intermediary role in the discussions taking place in the 1980s on the transformation of the HBO-sector. Since these discussions have resulted in a major restructuring of the sector, the role of the HBO-Council also can be expected to change from a more or less real intermediary organization into an organization looking after the interests of its members, i.e., the HBO-institutions.

In the university and CAAT sector of Ontario, several buffer organizations exist, of which the most prominent in the university sector are the Council of Ontario Universities (COU), a voluntary association, representing university-sector interests to government and facilitating and promoting cooperative activities, and the Ontario Council on University Affairs (OCUA), an intermediary body, providing the minister with advice on the university sector. In the university as well as the CAAT sector, the nature of the system level policymaking processes are such that these intermediary bodies play an important role in stabilizing the system, i.e., in preventing major, sudden changes taking place.

In general, it can be suggested that buffer organizations in higher education are rather vulnerable. Only if a buffer (or a group of buffers, like in Ontario) can sustain itself as a neutral body "standing between" the government and the institutions, can it keep its legitimacy in the eyes of both sides. As soon as it gets "a distinctive tilt towards one or the other of its constituencies" (El-Khawas, 1991: 12), it will confront a crisis of legitimacy, as has happened to, for example, the UGC in the United Kingdom.

Policy Instruments

Policy instruments at the systems level

Government has at its disposal a number of policy instruments to steer and bring about change within higher education. The most important instruments are funding, planning, evaluation, and regulation. We will discuss each of these instruments briefly.

Funding

Funding is the most powerful instrument available to government for steering and changing higher education systems and institutions. Funding is the golden rule of policy; he who pays the piper calls the tune.

There are several discernible trends in the funding of higher education across the 11 countries. First, with the exception of France, funding has either remained stable or actually fallen, while student intake has risen dramatically in most countries. This has put heavy pressure on every higher education system reviewed, and has resulted in rising staff-student ratios and deteriorating infrastructure.

Second, most governments are asking their higher education institutions to find non-government sources of funding and to engage in various entrepreneurial activities. This appears to be one of the driving forces behind de-regulation and market-like competition. To a surprising degree, many institutions have actually been able to significantly diversify their funding base.

Third, several governments have moved away from earmarked funding to the allocation of block grants with respect to recurrent grants. The United Kingdom has even gone one step further by replacing block grants with a system based on the buying and selling of educational services. Sweden also is considering a system where government and students are regarded as buyers of educational services. These movements are in line with the trend towards allowing institutions to set their own priorities and to live with the financial consequences. At the same time, the funding of research has become more targeted towards areas deemed to be of national priority. This is in line with the expectation that academic research has a particular contribution to make to economic development. Also, in several countries, it is expected that business and industry contribute more directly to the funding of research, and that higher education research forms stronger links with industry. Some countries have been more successful than others in this respect.

Fourth, in several countries the approach of "conditional contracting" is being introduced (Neave and Van Vught, 1991: 244). Governments have realized that public expenditure assigned to the higher education sector has reached its limits. Besides, these governments want to make sure that the budgets for higher education are being used according to the priorities that government assumes to exist for society. The developments in France are especially worth mentioning. In this country the 1984 Law *(Loi D'Orientation)* has introduced the instruments of contracts. In 1989 the contract principle was extended to all the activities of the institutions. The French universities are stimulated by the contracts to develop longer-term objectives, and by negotiating about these objectives to ensure their fulfillment.

Fifth, several countries are introducing user-pays schemes for higher education. The U.S.A. has always had a strong commitment to the principle of individual financial contribution to higher education. However, increased student fees, loans, or graduate tax are being introduced in countries with a tradition of "free" public higher education, with the exception of Germany. An increased emphasis on a user-pays policy seems to be driven by two factors: an increased awareness that it is the children of the upper professional families that benefit most from higher education, while the funding of higher education comes from the taxes of the entire spectrum of society; and, once again, the desire to diversify funding. Also, in some countries it is believed that user-pays schemes will enhance market-like competition between institutions for students, and thus improve efficiency and effectiveness. In addition, there is a belief that if students have to financially contribute to their education, they will be more committed to their studies.

The privatization of funding of public higher education is a strong trend embraced with some enthusiasm by many institutions. Overall, this is a trend that should be judged positively. There is certainly evidence to suggest that a diversified funding base enhances institutional autonomy and freedom of movement. But privatization also has its down-side: for example, commercial scientific ventures can inhibit the free-flow of scientific knowledge, and user-pays schemes can disadvantage certain groups within society.

Planning

The movement towards "steering at a distance" and state supervisory models of higher education, is not compatible with detailed centralized planning, where planning is based on the assumption that policy is derived from a rational process of assessment of all available data. As mentioned above, the drive towards privatization is fueled, in part, by a public disenchantment with governmental planning. And if we look at the results of centralized planning, such as in the area of manpower planning with respect to higher education, the results are not encouraging. However, governments are not completely giving up their planning prerogative. They are merely changing their traditional planning conceptions into forms of "remote control," thereby transferring the more detailed aspects of the planning process to individual institutions. The most prominent example is the Netherlands, where a new planning cycle has been introduced recently based on the conception of "communicative planning."

Some institutions appear to resent that planning has been thrust upon them as one more administrative burden. However, it should not be forgotten that the responsible chartering of one's own future is an important aspect of autonomy and freedom in a democratic society.

Evaluation

Evaluation is a strong policy instrument. In some quarters it is believed that evaluation is strengthened even further by tying it directly to funding, but others have realized that too close a connection between evaluation and funding can have negative consequences. For one thing, if an institution believes that evaluation will directly affect next year's funding, the institution will only provide the evaluators with the "correct" information. This stultifies evaluation as an effective tool for programme renewal and institutional development.

Evaluation in one form or another plays an important role in the higher education system of each of the 11 countries reviewed. As regards European higher education, the recent interest of governments in evaluation has been described as "the Rise of the Evaluative State" (Neave, 1988: 8). In some countries, various instruments (such as the use of performance indicators in the United Kingdom) are used to evaluate and rank the research output of different academic departments. Expert committees of review are appointed from time to time to evaluate particular issues and policies. The Science Council in Germany collects and evaluates a great deal of data that is fed into higher education policy debates in that country. In other words, evaluation in higher education as well as in other fields is an important aspect of modern industrial society.

At the systems level, evaluation is closely tied to issues of quality and accountability, and the details are best discussed under that topic. Here, however, it is worth mentioning that evaluation of higher education in some countries is moving from an emphasis on inputs to highlighting outputs. This brings into play the concept of "value added." If, for a moment, we can regard students as raw material, the argument is that it is not so important what is fed into the higher education process, but what is produced at the other end.

Regulation

The trend in many countries appears to be de-regulation. However, it should be realized that de-regulation does not necessarily lead to increased institutional autonomy. It refers to less governmental legal means in the form of rules and regulations. If the abolished rules and regulations are replaced by general strategies like the "strive for macro-efficiency," translated into indicators, criteria, and targets, of which the legal and political status is unclear, the institutions could confront so much uncertainty that in practice they perceive their autonomy to have decreased instead of enlarged. Neave (1988) has used the term de-juridification for this phenomenon.

In addition, higher education is subject to many government regulatory frameworks, a substantial number of which are set outside the education portfolio. Higher education institutions are subject to anti-discrimination laws, industrial acts and agreements, equal opportunity legislation, freedom of information, and so on. The important point is that, as educational ministries (or their equivalent) move away from direct control of higher education institutions, the institutions themselves must assume more responsibility for managing the regulatory agreements set elsewhere in society. Personnel policy is a good example of how de-regulation in the higher education sphere places other regulatory demands on institutions. In those cases in the past (and which is still the case in some instances now) where ministries appointed professors and set their terms and conditions of employment, institutions did not have to be too concerned about personnel policies; but when the institution becomes the employer, the situation changes dramatically.

Policy instruments at the institutional level

For many countries in this study, institutional policy is a somewhat novel event. Strong and detailed centralized planning has made for weak institutional policy and planning. But in a move towards a more de-regulated environment, institutions must confront the same policy instruments with which governments grapple: funding, planning, evaluation, and regulation.

Funding

In many instances, institutions must now manage their own budgets much more so than was the case in the past. Total earmarked funding and centralized accounting procedures do not call for much budgetary expertise. The administration of government block grants and substantial extraneous funds demands a high level of budgetary expertise, something which it appears many institutions are only starting to develop. But if the trend towards de-regulation of higher education systems is to continue, sophistication in financial administration must become a top priority for many institutions.

Of course, some institutions are already quite adept at fiscal matters. The higher education institutions in California, public as well as private, have a long history of knowing the value of a dollar and how to get it. The private institutions in Japan could not survive without the know-how to balance the budget. Block grants, except for targeted research funding, is the norm in Australia, Denmark, the Netherlands, Ontario, Sweden, and the United Kingdom. But in other instances, i.e., France and Germany, the paymaster—that is, the State—either retains detailed budgetary control, or has only recently relinquished control.

If taken as a whole, one must be impressed with the extent to which the public higher education institutions covered by this study have taken control of their own financial affairs and moved towards a degree of independence from the government purse. For example, Australian higher education gets something like 30% of its revenue from non-ministry sources, and private endowments for public academic research in Sweden are considerable. British institutions are becoming much more entrepreneurial, as are those in the Netherlands.

Some governments have transferred financial responsibility and control from the central to the local level, with, of course, varying degrees of success. At the institutional level, what is interesting to note is that, in some instances, the same thing appears to be happening, that is, central institutional administrations are transferring budgetary responsibility to faculties and departments. Some institutions have even gone so far as to introduce internal markets where departments buy and sell services from each other and from the center. It may be pointed out that, whether we look at these transfers of responsibility at central government level or institutional level, the rationale is the same: budgets are more effectively and efficiently managed if those who are mainly responsible for expenditure are also accountable for allocation.

Planning

While it appears that several governments have moved away from detailed centralized planning, this has forced much more planning at the institutional level. The institutions must now decide for themselves what their priorities are and how they are going to be achieved. This is no easy task for institutions without a planning tradition. The setting of priorities is often a painful exercise, for the process must assess both priorities and posteriorities, as well as identify strategies for future development.

This growing attention at the institutional level for planning brings along the need for procedures and techniques of strategic planning. It may be emphasized here that, because of their specific characteristics, higher education institutions should not automatically take over the strategic planning models that are being used in the private sector. Higher education institutions are confronted with the task of developing their own strategic planning approaches, that fit the organizational characteristics of these institutions (Maassen and Van Vught, 1992).

Evaluation

Internal systematic evaluation of the higher education processes at the department/faculty level is a fairly novel idea for some of the countries covered in this book. However, this statement needs to be qualified. The U.S.A. has a fairly long tradition of internal evaluation, particularly of teaching. In all countries, staff are extensively evaluated for promotion to a higher level of appointment; also, in the research oriented universities, research activities of individuals and groups are subject to peer review (especially for funding purposes). In most countries, non-university institutions of higher education have been subjected to much more rigorous internal and external evaluation procedures than the universities. Also, ad hoc evaluation procedures have been employed from time to time as special circumstances have required, such as when a department or unit is experiencing particular difficulties. Nevertheless, the idea of the institutionalization of evaluation (especially of teaching) on a broad scale is for most of the countries a fairly novel or relatively recent idea.

However, as institutions take more responsibility for setting their own missions, goals and priorities, evaluation assumes greater importance. Internal research management plans, for example, need to be based on an evaluation of the internal research strengths and weaknesses of the institution. Obviously, effective internal management also requires the evaluation of numerous other areas of the institution's operation.

Regulation

De-regulation at the national/state policy level appears to result in increased regulation at the institutional level. There is no paradox in this—if government is going to step back from the direct steering of higher education, then the institutions themselves must take responsibility for the regulatory frameworks once administered centrally. As mentioned above, increasingly institutions are being "forced" to take responsibility for such matters as: anti-discrimination, industrial agreements, equal opportunities, freedom of information, and personnel policy and staff development. Greater institutional involvement in these areas is sometimes interpreted as a loss of autonomy, but such a stance confuses autonomy with accountability.

Quality and Accountability

The issue of quality (and the question how the various stakeholders in higher education are to be assured of quality) has mushroomed as a priority on the higher education political agenda nearly everywhere. But, while it is generally recognized that institutions must be held accountable for the quality of their activities, there is an abundance of different interpretations of quality. According to Birnbaum (1989):

> conflicting definitions suggest two aspects of the quality dilemma. The first dilemma is whether quality can or should be considered by either absolutist or relativistic criteria. The second dilemma is that, regardless of the position taken, the various dimensions of quality often have structural or procedural requirements that are in conflict. For example, improving quality by making undergraduate instruction "better" may require uses of faculty time, delivery system, administrative support and financial resources that would hinder improvements of quality in research or service (Birnbaum, 1989: 24).

Theory can do little to resolve the dilemmas produced by the trade-offs inherent in the pursuit of quality, except to suggest that quality priorities and institutional missions should coincide. But with regard to definitions of quality, the literature comes down heavily on the side of a relativistic perspective. Quality is a relative concept: multidimensional, interpretive, and contextually determined. Quality of higher education "can only be defined in relation to a set of goals. It cannot be assumed that the goals of different national higher education systems are identical, not even that there will be consensus about goals with any one system. For these reasons, comparisons of quality cannot be hierarchical but should be descriptive of the qualities of different systems. The extent to which qualities are similar across and within systems is an empirical question (Brennan et al., 1991: 1). From this perspective, the concepts of quality and relevance converge. Quality relates to the degree to which an institution is fulfilling its goals, and relevance relates to the degree to which those goals are applicable to the needs and demands of society.

It is possible (and valuable as well) to assess the degree to which a higher education institution is achieving its stated missions, goals, and aims, and also it is possible to assess the relevance of the institution's activities to the needs of society. But if this is to occur, both the goals of the higher education institutions and the needs of society must be pre-specified in such a way that lend themselves to assessment. Also, there should be some correspondence between the goals of the institutions and their relevance to society, otherwise the risky outcome can be that we end up with quality institutions of little relevance, or vice versa. However, in that there are a variety of stakeholders with diverse and sometimes divergent views and interests involved in determining both the goals of the higher educational institutions and the needs of society, specification of goals and needs becomes problematic indeed.

Moreover, while it appears logical to have as much correspondence as possible between the goals of higher education institutions and their relevance to the needs of society, past efforts to achieve such correspondence with any precision have proved to be fairly dismal failures. The poor results in most countries of manpower planning and its use to structure higher education outputs, is a good example of how rational, centralized planning can go astray. However, given society's investment in higher education, quality and relevance must be assured. But how is this to be achieved?

There is no definitive answer to this question. But there is some evidence to suggest that the details of higher education missions and goals are best left to the institutions themselves, while the task of government is to set the broad parameters—the social relevance—in which these goals are to be pursued. This approach adopts what Van Vught terms the state supervising model, and rejects what he calls the state control model, as was discussed above:

> In a quality assessment system which is in accordance with the state supervising model, government should refrain from trying to completely steer the activities of the higher education institutions. The tasks of government are to make sure that the institutions themselves will operate a quality assessment system, that in that operation the needs of society are addressed and that the institutions respond to societal demand. The actual design and operation of the quality assessment system can be left to the higher education institutions themselves. They should use their autonomy to discuss (and judge) the levels

> of quality of various teaching and research programmes that are executed by units within the institutions. In those discussions and judgments they should of course pay attention to societal needs. And if they fail to do so, they will be held accountable by government (Van Vught, 1991: 47).

Under this approach, quality control begins with institutional self-evaluation, which has several advantages. First, it provides those who must deal with issues of quality, ownership of the evaluation process (Kells, 1988). This should enhance people's commitment to quality improvement where deficiencies are identified. Second, self-evaluation places members of higher education institutions in more direct contact with both their clientele and the community. All institutional self-evaluations should gather opinions from graduates and employers about the "product" being produced. Third, self-evaluation "forces" institutions to go beyond motherhood statements in identifying their goals and missions in such a way that can be measured. Of course, measurement in the quality management process should not be seen as an end in itself. Evaluation data are only useful as an input into management decisions about quality.

Finally, self-evaluation recognizes the fundamental characteristic of higher education, based on knowledge production and dissemination. It is the disciplinary expert who is best placed to make initial judgements about quality in his/her area of expertise. Self-evaluation may make use of external peers in specific disciplinary areas; peer review is a fundamental aspect of the academic process. But it is the internal professionals who must ultimately judge and be held responsible for the quality of the knowledge they produce and manage.

Quality assessment and its purpose

Not surprisingly, the 11 countries show as much vagueness and lack of agreement on interpretation of quality assessment and its purposes as is found in the literature. But a strong, and, in some countries, a fairly recent, emphasis on quality can be found in each of the higher education systems. The purpose of quality assessment is more difficult to discern. In many countries, there is a concern that the quality of higher education has fallen due to a lack of financial resources and rising student numbers. In some countries, quality assessment—particularly with respect to the external use of performance indicators—has been used to target research funding, and in some instances to penalize poor performance. Other countries intend to use quality assessment to lift institutional performance and to reward best practice. In several places, the emphasis on quality assessment is tied to a rising expectation in society for effective and efficient public expenditure. In the U.S.A., quality assessment has a relatively long tradition, but in other places, such words have an unfamiliar ring to them. This has bred some resistance amongst certain academic communities to quality assessment. Also, resistance, where it exists, is based on the notion that quality assessment is an interventionist instrument of government used to control higher education. Recent past experience in Great Britain and elsewhere gives some credence to such fears. Finally, where governments have moved towards competition and market-like regulation of higher education, there appears to be a recognition that market forces do not necessarily ensure quality.

What the purpose of quality assessment "is" and what it "should be" are two quite different things. Many of the countries covered by this book are still grappling with this issue.

Institutionalization of quality assessment mechanisms

If we look across the 11 country reports, the variety and degree of entrenchment of quality assessment mechanisms is both variable and impressive. In some countries, the institutionalization of quality assessment mechanisms is only at the "good idea" stage, while in other places, the actual process has already begun. Elsewhere, quality assessment is well entrenched. In the

United Kingdom, for example, performance indicators have been used to rank university departments for the purpose of research funding. The Academic Audit Unit, charged with monitoring the quality assurance procedures being undertaken in universities, has developed a sophisticated approach to quality assessment. In the Netherlands, the effort to assess the quality of teaching and research has been institutionalized through the introduction of a rather successful quality assessment system for university and higher vocational education, the system of conditional funding for scientific research, and an increasing number of output-oriented parameters in funding models. Since 1984, the French *Comité National d'Evaluation des Universités* has made a periodical assessment of the quality of individual French higher education institutions. While the French committee is a government body, its chairman is appointed by the president of the republic, not by the Ministry of Education. Supposedly, this frees the committee from the interests of the higher education bureaucracy. In Scandinavia, efforts have been undertaken to coordinate the activities of the Danish, Norwegian, and Swedish governments to set up national systems of quality assessment in higher education. In Japan it appears that the government wants to maintain the authority concerning the institutional quality assessment processes. It can be questioned whether this top-down approach will have the intended effect.

There appear to be two primary issues at stake in the institutionalization of quality assessment mechanisms amongst the countries. The first concerns the degree to which national (or state) quality assessment bodies should be independent of both government and the higher education institutions. Second, there is some apprehension that the very institutionalization of quality assessment will impose uniformity on the higher education system and hence stifle diversity.

Possibly the quality and relevance of higher education are to be found in its very diversity, a diversity that even allows for some institutions to be of a different or lower quality and relevance than others. Birnbaum (1989: 25) makes a similar point with respect to the quality of higher education in the United States. He identifies three views of quality: the meritocratic, the social, and the individualistic. Meritocratic views refer to quality based on "institutional conformity to universalistic professional and scholarly norms and use the academic profession as a reference group." The social view considers "the degree to which the institution satisfies the needs of important collective constituents." The individualistic view emphasizes "the contributions that the institution makes to the personal growth of students." Birnbaum concludes that:

> when one focuses on institutions, there is a tendency to expect them all to give major attention to meritocratic values. However, given the limited resources available, such expectations inevitably require less attention to other aspects of quality, and thereby diminish the diversity of the system. It may be argued that the American system of higher education would be weakened significantly if any of these three views of quality disappeared or diminished. It is the tension between the views that provides the diversity that protects and strengthens the higher education system . . . It is probably important that efforts to strengthen institutions on universalistic meritocratic criteria continue; it is equally important that these efforts not be successful universally (Birnbaum, 1989: 33).

An over-emphasis on quality control mechanisms and narrow definitions of relevance and accountability, could force higher education into a straitjacket that serves the interests of no one.

Quality and funding

The undesirability of closely tying quality assessment to funding mechanisms was mentioned above. It appears that in those countries where this has occurred, there has been a movement away from too closely basing funding on quality assessment. Nonetheless, it seems that if quality assessment is to be taken seriously at either the system or institutional level, it has to have consequence. Possibly the Dutch approach, where lengthy evaluation and consultation precede any penalty for poor performance, presents a viable model.

State of Transition

All of the higher education systems reviewed in this book have gone through profound periods of growth and social transformation since the Second World War. Our concern here, however, is with more recent change, and in this respect we find that some systems appear to be more stable than others, but each system is subject to pressures which have very similar origins. Many of these pressures have already been discussed. But before looking at degrees of transition amongst the countries, a few additional words need to be said about two global pressures that seem to be pushing change in higher education: expansion and the advent of postindustrial society.

One of the main sources of tension in the transformation of higher education is associated with expansion, that in turn affects various dimensions of the higher education enterprise: finance, governance, relations with government, student recruitment and the curriculum, maintenance of academic standards, and relations to the secondary school system. Expansion has its impact on every form of activity and manifestation of higher education.

Over the last three to four decades, higher education systems have expanded and world-wide enrollments have increased dramatically. In the history of the universities, the greatest expansion of higher education has occurred since the Second World War. According to Ramirez and Riddle (1991: 91), "out of 1,854 universities founded between 1200 and 1985, 1,101 (59 per cent) were established between 1950 and 1985." The older universities have also doubled and tripled in size, and nearly everywhere an increasing proportion of the relevant age group is participating in higher education. In 1955 the "national tertiary enrollment average for developed countries was 6.0 percent in contrast to 0.9 percent for developing countries." By 1985 these averages had risen to 9% for developing countries and 25% for developed countries (ibid.: 95). Most OECD countries have achieved mass higher education, and are rapidly heading towards universal higher education.

The idea of transition from elite systems of higher education to mass systems, and then towards universal access, has come from Trow. Trow's argument is that growth and various associated problems which affect higher education should not be treated in isolation. Rather, he claims, a range of problems:

> are understood better as different manifestations of a related cluster of problems arising out of the transition from one phase to another in a broad pattern of development of higher education that is under way in every advanced society: from elite to mass higher education and subsequently towards universal access. Underlying this pattern of development lies growth and expansion (Trow, 1975: 55).

Elite higher education directly affects the lives of only relatively small numbers of individuals in any country and, even though the provision by governments in terms of funding per student unit may be generous, the total demands on the society are not great. But as higher education systems expand and become mass systems, they touch the lives of increasing numbers of the population, and also lead to much greater financial demands for both capital and recurrent expenditure. Hence the societies as a whole understandably want more say in what higher education institutions do and how they go about their work. The internal dynamics of institutions also change. Collegial traditions are inevitably eroded as academics come to form a large unionized profession, and as institutions grow in size they become more bureaucratic and regulated.

At times there is often a measure of resistance to the transformation from one stage of development to another—for example, from associations of academic staff or student groups in defence of special privileges, from governments sometimes reluctant to find the necessary funds to make substantial expansion possible, and from particular social groups keen to restrain educational ambition and social mobility. But, at the same time, expansion is often strongly supported by other interests and groups.

The transition from elite to mass higher education, then, affects public perceptions about access and about the functions of higher education, as well as causing changes of perception within the academy. It also leads to very considerable tensions and conflicts about these matters, and about academic standards.

Certainly such factors as social equity and cultural enrichment have helped fuel the world-wide growth of higher education, but more basic reasons for this massive expansion are to be found in the global economic restructuring of society. According to Perkins:

> The reasons for the unprecedented expansion of higher education are twofold: (1) the demand of a more complex and highly geared economy for applied science and technology and for the social and administrative sciences for managing large institutions and corporate structures; and (2) the demand in a postindustrial society providing more sophisticated services for highly educated personnel to operate and service them. Both are the product of a new kind of society, a further stage in human development, based more on services than on agriculture and manufacturing. It is in fact a third industrial revolution . . . It is not that the service industries have replaced manufacture, any more than manufacturing in the Industrial Revolution replaced agriculture. On the contrary, what is happening to manufacturing in the Postindustrial Revolution is what happened to agriculture in the last Industrial Revolution, when food production became so efficient that it could feed the majority of the population with a minority of the work force, and release most of the people for work in other industries. Now manufacturing, with the aid of automation and electronic technologies, is becoming so efficient that it takes a minority of the work force to produce the material goods for the majority, so that most people can be released for work in other areas . . . Professional experts are needed not only for the service industries but also for the more sophisticated operation of high technology agriculture and manufacturing industry (Perkins, 1991: 199).

Higher education occurs in a context much influenced by changing economic patterns, and, as what Bell has called "knowledge workers" begin to replace factory workers, both governments and industry are going to increasingly have more interest in higher education. In fact, the nearly world-wide government restructuring of higher education systems which occurred throughout the 1980s was not, as is often popularly believed, brought about by a universal dissatisfaction with higher education, but by a recognition of its importance.

Degree of transition

Either actual or foreshadowed transition of higher education appears apparent in most of the countries reviewed. The question is not so much whether there is change, but the degree of change. Ontario seems the most stable of the systems addressed in this study. The Californian Master Plan has been kept in place for three decades, but the expected substantial increase in student demand will put substantial pressure on the state system. Turmoil is almost a standard feature of the French system, although within a context of underlying structural stability. But if France is to achieve the expected strong increase in participation rates by the year 2000, change will probably become the order of the day. Japan has already reached a high level of participation in higher education, and the pressure there may result from negative population growth; but experience in other countries shows that demography is only one of several factors related to participation. Australia and the United Kingdom have experienced dramatic structural reform by anyone's standards, and many of the Western European countries are, or are about to relinquish much of their central control over higher education. For what is often claimed to be a remarkably stable and change-resistant enterprise, the higher education systems reviewed in this book appear to be astonishingly flexible and adaptable—although in none of the countries has change been resistant free.

Where is it all heading?

The future is unpredictable. The best that can be achieved in chartering the future course of such complex systems as higher education, is to offer a few tentative suppositions based on past experience. We are fortunate, however, in this regard, for the history of the higher education systems presented in this book is both rich and informative.

The first point to make is that change is much more of a constant in higher education than is often presumed. Furthermore, as demand increases (there is no evidence that overall it will slacken), and as higher education is asked to fulfil new needs and demands of postindustrial society, change is likely to remain on the higher education agenda.

Identifying the direction of change is a much more difficult matter. Any statements on where the different systems appear to be heading can be tentative at best. But it does appear that the dual process of relaxing government control, and strengthening institutional management and autonomy, will continue in several countries. This process, it seems, will be accompanied by enhanced institutional competition, a degree of privatization in funding of both teaching and research, and some degree of reliance on market-like regulation. At the same time, institutions will be held more accountable for their quality and services. These trends are neither ambiguous nor ubiquitous, but clearly their outcomes will require careful monitoring.

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To assist the reader in finding publications in public policy and higher education, this bibliography is divided into two sections, corresponding to the sections of *Public Policy and Higher Education.* In each of the divisions of the bibliography, the editors have chosen some publications to be annotated, because of their being among the final list of publications which the editors and the advisory board considered to be included in the *Reader*. Other nonannotated publications are offered for those doing further research in the foundational and contemporary issues areas.

An Outline of the Bibliography

Part I. Foundations of Public Policy and Higher Education: General Works

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B. State Government and Higher Education
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A. United States
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   8. Distance Education
   9. Curriculum
   10. Research

B. International Postsecondary Education

C. Bibliographies

Part I: Foundations of Public Policy and Higher Education: General Works

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_________. "The American System of Higher Learning." In *Higher Learning*. Cambridge, Mass.: Harvard University Press, 1986, pp. 8–34. This conceptual chapter describes the distinctive characteristics of the American system of higher education where autonomy, competition, and responsiveness have enabled its institutions of higher learning to grow and prosper.

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II. Contemporary Issues in Public Policy and Higher Education

A. United States

1. Access—includes community college, four-year college, and university institutional issues with attention to geographic, remediation, and demographics concerns as well as commuter or residential populations.

Annotated References

Callan, Patrick M., and Finney, Joni E. "State Policy and Minority Achievement in Higher Education." *Peabody Journal of Education* 66 (1988): 6–19. New state activism in the 1980s, encouraged by various association research reports which were sponsored by the Pew Charitable Trusts, helped shape state policy toward "increasing minority participation, retention, and achievement" (p. 18). Success in this area will be measured by institutional commitments.

Hauptman, Arthur M., and McLaughlin, Maureen A. "Is the Goal of College Access Being Met?" In *American Higher Education: Purposes, Problems, and Public Perceptions*. Edited by Aspen Institute. Queenstown, Md.: Aspen Institute, 1992, pp. 159–185. This research chapter reviews access problems and policies over the past three decades, especially for low income and minorities, based on longitudinal and econometric studies and discusses their participation in higher education as a result of federal policies.

Richardson, Jr., Richard C. *Promoting Fair College Outcomes: Learning from the Experiences of the Past Decade*. Denver, Colo.: Education Commission of the States, 1991. This research report reviews results of a survey of 142 public four year institutions about how to improve minority access and persistence, better institutional performance related to administrative effort to reduce barriers, assist learning, and make environments more culturally diverse. It proposes a fair outcomes model and various policy considerations may be used at other institutions.

Zemsky, Robert. "The Goal of Diversity: Access and Choice in Academia." *Distillations*, 1989 pp. 1–4. This research essay reviews participation of whites and minorities in college education from 1973 to 1986, showing little increased participation rates, except for black women. It "concludes that governmental and institutional expenditures on student aid have largely failed to offset the continuing problems of education exclusion and stratification" (p. 1).

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2. Affordability—includes financing, student financial aid, tuition discounting, competition for resources, tuition/aid, public funding for private higher education, philanthropy, and new funding schemes.

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Banta, Trudy, Rudolph, Linda B., Van Dyke, Janice, and Fisher, Homer S. "Performance Funding Comes of Age in Tennessee." *The Journal of Higher Education* 67, no. 1 (1996): 23–45. This research article describes the use of performance funding through ten standards (which influences 2% of institutions budgets) as an accountability mechanism, based on student outcomes from 1979 to 1991; only state in the country to have such a public policy.

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Mumper, Michael. "The Affordability of Public Higher Education: 1970–1990." *The Review of Higher Education* 16, no. 2 (1993): 157–180. This research article reviews the affordability of higher education on the part of middle and low income families and students, finding that during the 1970s students were more able to afford higher education and less so in the 1980s, although community colleges were most affordable in both periods.

Volkwein, J. Fredericks. (1989). "Change in Quality among Public Universities." *The Journal of Higher Education* 60, no. 2 (1989): 136–151. This research article reviews how four types of state university relations (state agency model, state controlled model, state aided model and corporate model, all related to degrees of autonomy) influences quality at 86 state colleges and universities in 49 states, finding that size and resources of the institutions hold key to quality independent of state relations.

Folger, John, and Jones, Dennis P. *Using Fiscal Policy to Achieve State Educational Goals: State Policy and College Learning*. Denver, Colo.: Education Commission of the States, 1993, pp. 1–37. This research publication proposes new fiscal policies to restructure the financial relationship between the state and colleges and universities, a three-part budget, as well as the potential and pitfalls of special purpose funding, all of which could ensure that state interests and educational priorities are reflected in the resource allocation process. This framework for fiscal policy offers guidelines to states and institutions of higher education.

Fischer, Frederick J. "State Financing of Higher Education: A New Look at an Old Problem." *Change* 22 (1990): 45–56. Taking the side of independent higher education, this policy essay proposes eliminating state operating funds for public colleges and universities and allow high tuition high aid to overcome problems of student aid inequity and institutional needs.

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8. Distance Education—includes state policies related to virtual universities, quality, cost and maintenance of distance learning, and credentialing.

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Improve Undergraduate Education. No. PS-86-3. Denver, Colo.: Education Commission of the States, 1986, pp. 1–40. This policy report proposes how states and state leaders can create a positive environment for institutional change of undergraduate education by first discussion eight challenges and then posing a new transformation in the state role.

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10. Research—includes federal funding of research, scientific and military research, basic versus applied research, and its cost.

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ISBN 0-536-00292-4

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